

A SUPPLEMENT TO

International Commerce



IRAN

A MARKET FOR U. S. PRODUCTS

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By

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Mr. Severance is Iran Desk Officer, Near East-South Asia Division, Bureau of International Commerce. He obtained information for this report during a recent trip to Iran in interviews with local businessmen and Government officials. He also drew upon reports prepared by the American Embassy and Consulates in Iran and on articles in official and unofficial Iranian publications.

John K. Hagemann, Commercial Attache, and Ismail Ghobadi, Economic Advisor, U.S. Embassy, Tehran, provided valuable assistance and advice. This market survey was prepared under the direction of David E. Westley, Chief, Near East Section.



FOREWORD

Developing countries often are overlooked by U.S. suppliers even though the irresistible thrust of nations such as Iran toward economic and social development creates a market for a wide range of products and technology.

Iran is fortunate in being the recipient of large oil revenues. A major part of these revenues is being spent on import purchases to implement a comprehensive development program. This expenditure has created an expanding market in which many U.S. firms are sharing. More could participate.

This report is intended not only to familiarize exporters with the nature and institutions of the Iranian market but also to identify those product areas offering the best potential for U.S. export sales.

LAWRENCE A. FOX

Director, Bureau of International Commerce

April 1966



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Many of the photographs in this report were supplied by the Embassy of Iran, Washington, D.C., and by the International Bank for Reconstruction and Development, Washington, D.C.

The map of Provinces is modified from one by Foreign Areas Studies Division, the American University, Washington, D.C., from *Area Handbook for Iran*, Washington, D.C., May 1963.

Market Profile — Iran

Foreign Trade

Imports—1965¹ imports valued at \$750 million (1964¹—\$519 million). Major suppliers: West Germany (19.2%), U.S. (17.5%), U.K. (13.7%). Major imports: machinery, iron and steel, chemicals and drugs.

Exports—1965¹ exports valued at \$1,140 million, including \$988 million in petroleum (1964¹—\$1,015 million, with \$888 million in petroleum). Major markets for non-petroleum exports: U.S.S.R. (14.8%), West Germany (13.2%), U.S. (13.2%). Major exports: petroleum, carpets, raw cotton, dried fruit, and nuts.

Foreign Investment

U.S. direct investment is estimated at over \$200 million, the bulk in petroleum. Government policy designed to attract investments. Investment guaranty agreement with United States.

Finance

Currency—Rial, equals US\$0.013.

Domestic Credit—Short-term credit available through 19 private and 9 public banks and the bazaar at high rates of interest.

Domestic Investment—One industrial development bank makes long-term industrial loans. Capital market not developed.

National Budget—FY ending March 20, 1965: revenue \$1,879 million; expenditures \$1,925 million, 25% allocated for public investment projects.

Balance of Payments—Large oil revenues permit sizable trade deficit in other commodities. Gold and foreign exchange reserves sufficient to cover imports of nonluxury items.

Economy

Economy basically agrarian, although petroleum production and refining are the principal sources of foreign exchange and Government revenue. Agriculture accounts for about 30% of GNP, which is estimated at \$4 billion, or about \$180 per capita. Petroleum production and refining account for another 10-15% of GNP.

Agriculture—Crops are wheat, rice, barley, fresh, and dried fruits and vegetables.

Mining—Petroleum most important natural resource and mainstay of the economy. Over 600 million barrels produced in 1964, and production increasing each year. Bituminous coal and iron ore, only other major proven mineral resources.

Industries—Apart from petroleum, industrial development still at early stage. Major industries, cotton and woolen textiles, flour milling, sugar refining, building materials, and tires and tubes. Assembly plants have been established for vehicles and a number of consumer durables.

Commerce—The traditional bazaar remains principal retail outlet, although small shops and department stores outside the bazaar area becoming more important.

Development Program—Third development plan, covering the 5½-year period ending March 1968, calls for a public investment outlay of \$2.66 billion, about three-fourths for development of agriculture, transport and communications, power and fuel, and industry and mines.

Basic Economic Facilities

Transportation—3,800 miles of asphalted roads, 750 miles are under construction; 10,000 miles of gravel roads. 1,350 miles of railroad track, main line from Abadan to Tehran. Regular international air and sea services.

Communications—Present limited facilities being expanded. Radio broadcasting stations in major cities; TV stations in Tehran, and Abadan.

Power—Deficiencies in generation and distribution are found throughout the country.

Natural Resources

Land—628,000 square miles. Dominant feature is a great central plateau, bounded on all but the east and southeast by mountainous areas.

Climate—Largely arid; semiarid in other areas, except in the Caspian littoral where rainfall is abundant.

Forestry—Forests comprise 44.5 million acres, or 11% of total area.

Fisheries—Aside from caviar, fisheries minor industry. Average annual catch estimated at 20,000-25,000 metric tons.

People

Population—Estimated at 22.5 million, increasing 2.5% a year. Tehran is Capital City, population 1,513,000. Major Provincial cities are Tabriz, Isfahan, Meshed, and Abadan. 68% of population rural.

Language—Persian (Farsi). Many Kurdish dialects and Arabic also spoken.

Labor—75-80% of the population directly or indirectly dependent upon agriculture for livelihood. Industrial employment estimated at 200,000—with 60,000 in petroleum, 40,000 in textiles, 36,000 in railways, and 21,000 in foodstuffs.

¹ Year ending March 20.

Market View

Oil income and development spending mark the expanding Iranian market of the midsixties. Record oil revenues being put to work by the Iranian Government on economic development projects have created a climate of prosperity and an important market for U.S. products.

In 1965¹, Iranian imports reached a record high. With increased purchases for public sector projects and heavy private imports, total imports that year rose 30 percent over that in 1964 to almost \$750 million, of which \$131 million came from the United States.

Government spending and the easing of credit and import restrictions imposed from 1960 to 1962 also served to strengthen business confidence and to provide an increased market for U.S. exports. The sharp upswing in imports has recently led to precautionary measures aimed at firmer governmental control over private imports in order to ensure the stability of the economy.

The current sales outlook in Iran is especially good for machinery, equipment, and the engineering services necessary to implement development plan projects. Semimanufactures, such as steel mill products, and essential consumer goods should continue to sell well while increasing private investment in small general industry is expected to provide a market for selected industrial equipment.

In spite of relative economic prosperity, however, Iran is not a wide-open market. Competitiveness and aggressive salesmanship alone do not determine whether a product can be sold in Iran, although these are important factors. The level of foreign exchange earnings as well as Government development spending, credit, and import policies are vital factors in determining salability of a product. The Iranian consumer goods market, for example, is limited by Government import restrictions. Less essential consumer goods are subject to high import duties and taxes while the import of items which are competitive with locally produced goods may be prohibited.

¹ All years referred to in this report, unless specifically stated otherwise, are Iranian years ending March 20 of the given year.

THE ECONOMY

In 1964², the Iranian economy emerged from a 3-year recession that had resulted from steps undertaken in 1960 to counter inflation and balance-of-payments problems. With the cooperation of the International Monetary Fund—IMF, an economic stabilization program was instituted under which credit was restricted, imports were curtailed, and public investment was reduced. The program had the desired effect of building up foreign exchange reserves and reducing the Government's foreign debt. It also stifled business activity. Government efforts to simulate the economy by easing credit and import restrictions and by increasing public expenditures during the latter part of the recession, had little effect until 1963; not until 1964 did the economy show an appreciable gain. Beginning that year, imports rose sharply and by 1965 it was deemed desirable to dampen the pressure for increased imports without, however, putting the brakes on the economy. As a result, selective controls, far less severe than those in force during the economic stabilization program, were imposed. These took the form of increased Central Bank deposit requirements for commercial banks and heavier prior-deposit requirements for goods imported on a letter-of-credit basis.

The oil industry dominates the money economy of Iran which is the sixth largest producer of crude oil in the world (626,000,000 barrels in 1964). In the year ending March 20, 1965 receipts from oil royalties and from oil company expenditures within Iran accounted for \$754 million, or 81 percent of the country's total foreign exchange receipts of \$933 million. Even excluding the nonrecurring receipt that year of \$185 million in bonuses for new concessions, oil revenues represented 76 percent of the total.

The oil industry is the largest employer of industrial labor in Iran and the major exporter. Further, it will be a major supplier of raw materials for other planned domestic industries, such as petrochemicals, fertilizers, and sulfur.

² Calendar years are referred to in this paragraph.

The operating and expansion requirements of the foreign oil companies in Iran along with those of the National Iranian Oil Company offer a significant market which is not subject to the usual restrictions or the variables of the general economy. Thus, direct shipments to oil companies are free of import duties, taxes, and exchange controls. With the expansion of existing oil company facilities and with the recent award of new concessions in the Persian Gulf to six groups of international oil companies, this multi-million-dollar oil company market should expand.

Aside from petroleum and natural gas, Iran has substantial and varied mineral resources which are largely unexplored. Deposits of coal, iron, copper, lead, manganese, chrome, nickel, cobalt, sulfur, and sodium salts are potentially important.

Textiles, sugar milling, cigarette manufacturing, and cement are the leading manufacturing industries. Cotton spinning and weaving is the most important segment of the textile industry although woolen textiles are produced also.

Locally grown sugar beets and imported raw sugar as well as cane sugar are refined. There are many other small industries as well as planned or actual assembly and processing of semifinished imported materials. Cottage industries also are important.

Iran's Third Economic Development Plan, September 1962 through March 20, 1968 (see chapter IV) which places a high priority on such basic industries as steel, aluminum, and petrochemicals, also emphasizes the private development of smaller industries. The third plan presents numerous opportunities for U.S. suppliers. Expenditures for the 5½-year period

The National Economy Continues to Grow



Source: Statistics and Reports Division, Agency for International Development, Washington, D.C. October 1965.

(September 1962 through March 1968) are pegged at \$2.66 billion with the emphasis in Government spending being placed upon infrastructure projects—roads, railroads, and electric power—and on agricultural development.

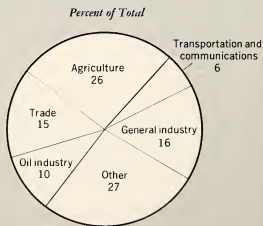
While oil gives the major impetus to the Iranian economy, agriculture contributes more than oil to the gross national product—GNP and employs 70 to 80 percent of the total labor force in the country. Wheat is the principal crop and cotton the major cash crop. Under the Land Reform Law, landholdings are being reduced to one village, and farmers are being provided with credit to purchase their own land. Agricultural development also has an important place in the development program, and new needs and sales opportunities are opening up as conditions change.

Iran's fishing industry, the major source of the world's caviar, currently employs about 12,000 persons and is expanding. Sturgeon, white salmon, white fish, carp, bream, pike, catfish, and herring are found in the Caspian Sea while sardines, tuna, bream, snappers, mackerel, and shrimp are caught in the Persian Gulf.

Iran also has some 44.5 million acres of forest, principally around the Caspian Sea, which are largely unexploited. Much of it consists of oak, ash, elm, beech, poplar, pine, box cypress, maple, walnut, and honeylocust.

Other than petroleum, Iran's principal exports are carpets, cotton, and fruits. These three items accounted for 59.5 percent, or \$99.7 million, of total nonoil

Agriculture Contributes More Than Oil to the Gross National Product.



Source: Agency for International Development, Statistics and Reports Division, Washington, D.C. October 1965.

These data are based on a 1965 estimate.

THE MIDDLE EAST



exports of \$151.6 million in 1965. Total exports, including oil, amounted to \$1.1 billion for that year. Major markets for nonpetroleum exports include the U.S.S.R., the United States, West Germany, and the United Kingdom.

IMPORT MARKET

Iran must import virtually all of its requirements of machinery and equipment, motor vehicles, many semimanufactured products, chemicals, and pharmaceuticals. For the year ending March 20, 1965, imports of industrial and electrical machinery totaled \$160 million or 21 percent of total imports. Iron and steel mill products and manufactures comprised another 10 percent. Motor vehicles and parts including vehicles imported for local assembly amounted to \$43 million in 1965, while imports of chemicals and pharmaceuticals totaled \$63 million for the same year. Table 1 identifies principal product categories imported during the year ending March 20, 1965.

Only a small portion of the total population can be considered as a market for less-essential consumer

goods. This is so (in spite of familiarity with and keen interest in many imported consumer items) because of low purchasing power and Government import controls on many consumer imports. The consumer goods market consists of professional and higher paid business and Government persons living in Tehran and those associated with the oil industry in the South. The estimated two-thirds of the total population in rural areas cannot be considered as a market for most imported products. The rural residents generally conduct trade on a barter basis and, except for subsistence goods, can afford only such items as tea, sugar, and clothing.

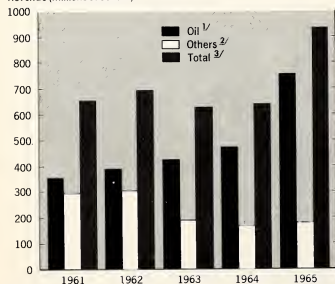
No one country dominates the Iranian market and in only a few instances does one country dominate the market for a particular product. West Germany and the United Kingdom are the principal competitors of the United States for the Iranian market (see table 2).

Together with the United States, these nations have had approximately 50 to 60 percent of the market since 1960.

The United States was Iran's second leading supplier in 1965. Imports from the United States increased from \$82.1 million in 1964 to \$131.1 million in 1965. That increase amounted to 59 percent and exceeded the rate of increase in total Iranian imports. Principal imports from the United States in the year ending March 20, 1965, were, in thousands of dollars:

Oil Revenues Outdistance All Other Sources of Foreign Exchange

Revenue (millions of dollars)



1/ Year ending March 20.

2/ Includes rial purchases by oil companies for operating expenses and investment, and in 1965 includes \$185 million cash bonuses paid by oil companies for new concessions.

3/ Includes exports proceeds, invisibles, foreign investment and private loans, utilization of foreign loans, foreign aid, and short-term borrowings.

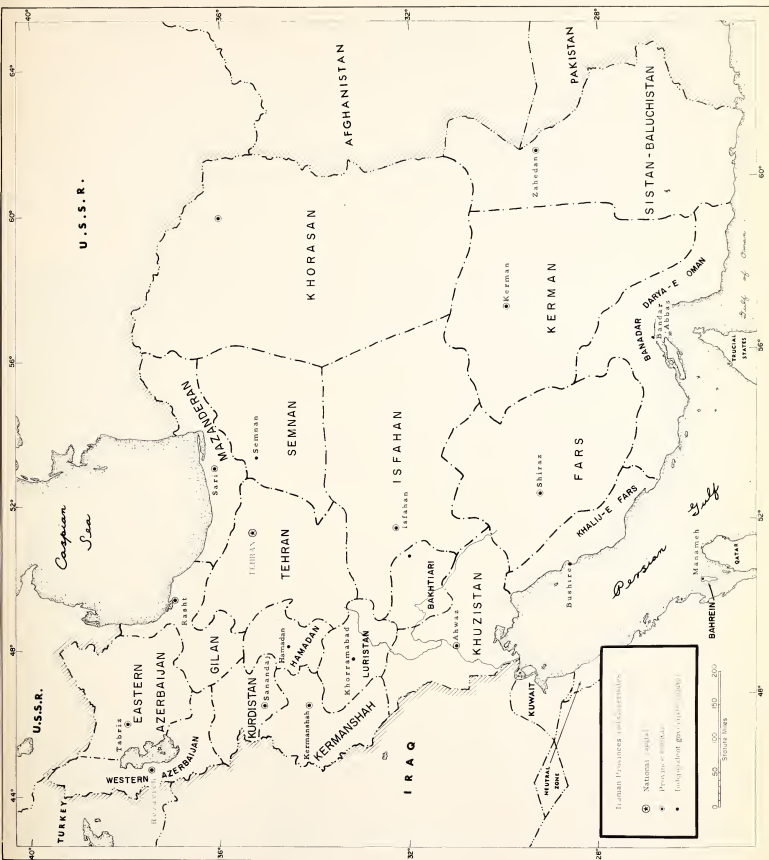
Source: Bank Markazi, *Bank Markazi Iran Bulletin*, May-June 1965, Vol. 4, No. 19, Tehran, Iran.

Total, United States.....	131,143
Wheat.....	10,930
Soybean oil, raw or refined.....	8,659
Passenger cars, exceeding \$1,220 but not exceeding \$2,640 landed value.....	6,512
Agricultural tractors.....	4,576
Parts, motor vehicles, n.e.s.....	3,722
Patent medicines.....	3,548
Cottonseed oil, raw or refined.....	3,404
Antibiotics.....	2,897
Vanettes, truck.....	2,749
Animal oils, n.e.s.....	2,709
Parts for well drilling equipment.....	2,693
Motor-car engine, parts.....	2,175
Machinery parts, n.e.s.....	1,876
Wheat flour.....	1,856
Truck tires.....	1,790
Shifting machinery, n.e.s.....	1,775
Shifting machinery, parts.....	1,723
Internal combustion engines, stationary.....	1,478
Deep well pumps.....	1,467
Parts, tractor, n.e.s.....	1,424
Wrapping paper.....	1,415
Others.....	61,765

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran*, 1343, Tehran.

Note: n.e.s.—Not elsewhere specified.

Yet, Australia sells more wheat, West Germany more automobiles, and Switzerland more pharmaceuticals to Iran than does the United States. The United States is the leading supplier in the truck and



tractor markets but other countries, such as West Germany, Sweden, and the United Kingdom, offer substantial competition.

In 1965, West Germany with sales of \$144.1 million was Iran's leading supplier. West Germany was particularly strong in the structural steel, steel pipe, and automobile markets. A considerable amount of textile machinery and related materials, electrical equipment, and most telephone equipment in the country is of West German origin. Principal Iranian imports from West Germany in the year ending March 20, 1965, were, in thousands of dollars:

Total, West Germany.....	144,079
Iron and steel beams.....	9,503
Iron and steel pipe.....	6,617
Truck chassis, without cab.....	4,910
Passenger cars, not exceeding \$1,320 landed value.....	4,678
Patent medicines.....	4,519
Artificial textile fibers.....	4,510
Passenger cars, exceeding \$1,320 but not exceeding \$2,640 landed value.....	4,374
Machinery parts, n.e.s.....	3,552
Artificial silk thread.....	3,490
Parts, telephone apparatus.....	3,011
Truck chassis, with cab.....	2,934
Parts, motor vehicle, n.e.s.....	2,850
Agricultural tractors.....	2,482
Motorcar engine, parts.....	2,175
Dyes, vat.....	1,877
Iron and steel sheets, finished.....	1,602
Storage batteries.....	1,378
Parts, stationary internal combustion engines.....	1,329
Others.....	81,288

Source: Ministry of Economy, General Department of Statistics, *Foreign Trade Statistics of Iran, 1943, Tehran*.
Note: N.e.s.—Not elsewhere specified.

Imports from the United Kingdom amounted to \$102.5 million in the year ending March 20, 1965, and were, in thousands of dollars:

Total, United Kingdom.....	102,485
Chemical products, n.e.s.....	6,281
Iron and steel sheets, finished.....	3,276
Internal combustion engines, stationary.....	3,226
Motor pumps, with suction pipe diameter of more than 3 inches, excluding deepwell.....	3,185
Agricultural tractors.....	3,041
Wool fabrics, weighing between 250 and 300 grams per square meter.....	2,797
Truck chassis, with cab.....	2,598
Lumps, slabs, waste; gold.....	1,977
Patent medicines.....	1,878
Iron and steel sheets, semifinished.....	1,795
White granulated sugar.....	1,744
Machinery parts, n.e.s.....	1,659
Iron and steel pipe.....	1,625
Parts, stationary internal combustion engines.....	1,607
Passenger cars, exceeding \$1,320 but not exceeding \$2,640 landed value.....	1,547
Truck tires.....	1,287
Razor blades.....	1,280
Taps, cocks, valves, fluid control.....	1,177
Others.....	60,505

Source: Ministry of Economy, General Department of Statistics, *Foreign Trade Statistics of Iran, 1943, Tehran*.
Note: N.e.s.—Not elsewhere specified.

Still other countries offer strong competition to U.S. suppliers in particular products. For example, French and Australian wheat, Swiss and French pharmaceuticals, Japanese pipe, and Italian artificial textile fibers and threads are sold in large amounts.

The United Kingdom is also the major source of supply for the oil consortium. The consortium was formed following the crisis which was the result of the nationalization of the oil industry in 1951, a consortium was formed to take over the operations of the Anglo-Iranian Oil Company. The participating companies operate on a lease, with 50% of the profit going to Iran. The 40 year concession, signed in 1954, covers about 100,000 square miles in southern Iran. The following are the participating foreign oil companies and the amount of their participation: British Petroleum Co. Ltd. (40), Royal Dutch Shell Group (14), Compagnie Francaise de Petroles (6), Standard Oil Company of New Jersey (7), Standard Oil Company of California (7), Texaco Inc. (7), Gulf Oil Company (7), Socony Mobil Oil Co. (7), and Iricon Agency, Ltd., composed of eight U.S. companies (5).

Locally produced goods offer competition to U.S. exports only in a few product categories. Imports similar to some Iranian manufactures are prohibited, including cotton textiles, tires, most petroleum lubricants, cigarettes, and electric refrigerators. These prohibitions are listed in the annual Iranian export-import regulations. In addition, the Ministry of Health has the authority to prohibit the import of those pharmaceutical products that compete with pharmaceuticals mixed or packaged locally. The import of agricultural products is also subject to special restrictions and prior Government approval.

Other products are assembled locally but not in quantity sufficient to meet the current demand. Local assembly of automobiles, trucks, tractors, water-cooled air conditioners (all of which may be imported) now offers only limited competition to U.S. exporters of those products.

Iran's capacity to absorb a large volume of imports depends primarily on its oil revenues from foreign oil companies operating in the country. For the next several years, this revenue should expand gradually as oil production by the oil consortium expands. Any large increase in oil income will depend upon the success of the oil companies which hold the newer concessions.

Throughout the duration of the third plan, agricultural tractors and implements, irrigation pumps, power generating and transmission equipment, roadbuilding and construction equipment, and steel mill products should sell well. As general manufacturing and assembly industries are developed, there will be more imports of raw materials, semimanufactured goods, and knock-down products. Currently, there is a good market for plastic raw materials, tinplate waste, copper

sheets, and aluminum ingots and sheets. In the consumer goods market, the best prospects are for pharmaceuticals and agricultural products.

TRADE POLICY

The Iranian Government has indicated that its current import policy will continue in effect until 1968, the end of the third plan. The Government permits imports for use in development projects but restricts less essential imports that compete with locally produced goods.

The general import trade policy in effect for the duration of the third plan is aimed at reserving the foreign exchange necessary for essential imports. Imports of foreign products which are not produced in Iran, or are not produced in sufficient quantity to meet domestic demand, are permitted. Imports of

luxury and nonessential goods, however, have been restricted in order to save foreign exchange reserves.

Both import duties and commercial profits taxes are imposed on imports. Generally, the less essential the product, the higher is the duty and tax. Import duties and taxes are lower on machinery and equipment, raw materials for local industry, and essential manufactures than on consumer products. The Government specifies that certain products may be imported on a letter-of-credit basis only and requires a certain percentage of the value of the letter of credit to be deposited in advance. This deposit requirement is often increased or decreased as a means of controlling foreign exchange. The amount of the deposit required varies with the product. The Government also specifies that only certain goods may be imported on a time draft basis.



SHANAZ DAM: The Shanaz Dam near Hamadan in western Iran controls water to irrigate crops and to produce electric power.

Iran has a trade agreement with the European Economic Community—EEC.³ The agreement provides for EEC tariff preferences and quotas for Iranian exports of carpets, dried raisins and apricots, and caviar. No tariff preferences are given by Iran to EEC exports.

Bilateral trade and payments agreements currently are in effect with Hungary, Rumania, Czechoslovakia, Poland, and the U.S.S.R. Transactions must be made through agreement accounts denominated in U.S. dollars. These agreements are primarily designed to promote Iranian exports which have difficulty in finding markets elsewhere.

Iran is a member of the Central Treaty Organiza-

tion—CENTO, which has undertaken a number of economic projects in Turkey, Iran, and Pakistan. Railroads, roads, and telecommunications projects under CENTO have been completed or are under construction in these countries. These projects are financed partly by the regional countries and partly by loans and grants from the United Kingdom and the United States.

Iran, Turkey, and Pakistan established in 1964 the Regional Cooperation for Development—RCD organization. Although paralleling the activities of CENTO in some areas of regional development, this organization is intended to widen the areas of economic cooperation among member countries. The RCD is currently studying means of integrating development plans, lowering tariffs, and establishing joint air and shipping lines.

³ Members of the European Economic Community are the Federal Republic of Germany, France, Italy, and the Benelux countries (Belgium, the Netherlands, and Luxembourg).

Market for Selected Products

Marketing information on various products is supplied in this chapter. In addition, products and product groups offering the best opportunities for U.S. export sales are analyzed. Marketing information on economic development projects which are being implemented under the third plan is reported in chapter IV. Import requirements for these projects offer a substantial market for U.S. goods and services.

Although there are many items which U.S. firms cannot now supply competitively, there are other products which U.S. suppliers might supply. United States exports of synthetic textiles, raw plastic materials, road rolling equipment, and certain medicines, for instance, could be sold in greater quantities in Iran.

Total imports and imports from the United States for the years 1963, 1964, and 1965 as well as the principal suppliers in 1965 of selected products are shown in tables 3 through 19. Some of the countries listed as principal suppliers are not actually the country of origin or manufacture but rather the country of shipment.

More detailed marketing information on individual products may be obtained on request from the Near East-South Asia Division of the Bureau of International Commerce or from the Business and Defense Services Administration—BDSA, U.S. Department of Commerce, Washington, D.C., 20230.

AGRICULTURAL PRODUCTS

Iran has the potential to be self-sufficient in agricultural products with the exception of such items as coffee and spices. At present, however, imported agricultural products include vegetable oil, wheat, sugar, tea, butter, poultry, and powdered milk (see table 3). Wheat and vegetable oil currently offer the most attractive markets for U.S. exporters.

The level of Iranian imports of wheat, the principal agricultural export of the United States to Iran, varies with the amount of the Iranian crop. Thus, Iranian imports of wheat rose from \$5.1 million in 1964, a good crop year, to \$38.7 million in 1965, a year of poor harvests. Most of the shipments of United States wheat have been under the Public Law 480 program.

Currently, these shipments are being made under Title IV of Public Law 480. Title IV shipments cover sales to foreign governments or private entities under long term dollar credits.

In the past, Title IV wheat agreements with Iran have been made both with the Government of Iran and with Iranian private entities. Besides providing for shipments under the agreement, Title IV agreements also require the Iranians to purchase additional tonnage from free world sources. Therefore, U.S. wheat does have a commercial market in Iran.

Data on Public Law 480 shipments to Iran, in calendar years 1962-64, by title, were, in thousands of dollars:

Title	1962	1963	1964
I	10,413	1,984	11,462
II ¹	2,431	10,487	1,648
III	3,611	1,712	2,294
IV	=	=	1,383

¹ Title II shipments are valued at cost to the Commodity Credit Corporation. Shipments under other titles are valued at market value.

= None.

Source: U.S. Department of Agriculture, Washington, D.C.

The importation of some items, such as citrus and deciduous fruits and nuts, is prohibited. Imports of wheat, barley, oats, and flour, except wheat flour, must have the prior approval of the Minister of Economy. The additional approval of the ministries of Agriculture and/or Finance is required for wheat imports.

Government monopolies import and fix domestic prices for tea, tobacco, and sugar although import licenses are sometimes granted to individuals for tea and sugar. Municipal governments commonly set retail prices for meat, fruits, and vegetables, and the Government sets the price for bread.

The market for processed foodstuffs is not large and is confined principally to the foreign population and the more well-to-do Iranians. In Tehran, food products are distributed by wholesalers and importers to small neighborhood foodstores. There are, however, several supermarkets which have facilities comparable to but not as extensive as those in U.S. supermarkets. A Danish-Iranian firm maintains several frozen food storage plants.

PAPER, PHARMACEUTICALS, CHEMICALS

Iran depends on imports for virtually all its paper and paper products (table 4). In 1965, imports of paper, excluding books and printed matter, amounted to \$18.7 million. Japan was the principal supplier of the \$5.6 million writing and printing paper market.

Iran's newsprint requirement is 7,700 tons per year. In 1965, this market was supplied primarily by the U.S.S.R., Austria, and Finland. Iranian importers report that U.S. suppliers are not competitive price-wise in these markets.

U.S. firms are active in selected sectors of the market. Wrapping paper imports totaled \$2.9 million in 1965 of which \$1.4 million came from the United States. In addition, facial tissues are produced locally under license from a U.S. firm.

Specific duties are assessed on most paper products. With the exception of newsprint, which may be imported when paid for by draft, imports of paper products require letters of credit. The Iranian Tobacco Monopoly is the sole buyer of cigarette paper.

Total imports of pharmaceuticals amounted to \$33 million in 1965. Most major foreign manufacturers are represented in Iran and there is some local manufacture (i.e. mixing, packaging, tabletizing) of pharmaceutical products. More local processing is planned. Many European, United States, and Japanese firms sell in the market, and the competition is keen. The leading foreign manufacturer (Swiss) has 10 percent of the market.

To import pharmaceuticals, local importers must obtain a special license from the Ministry of Health. (Appendix A contains an unofficial translation of the license application.) Licenses are issued on a 3-year basis for each foreign product to be imported. The current policy of the Iranian Government is to encourage local manufacturing of pharmaceuticals. Accordingly, there is a reluctance to grant import licenses for certain products if the Ministry of Health believes local manufacturing is possible. The Government also is seeking to limit the number of brands of a given product being sold in the country. In spite of the difficulties which Iranian importers are currently having in obtaining import licenses, there is a significant market for imports of pharmaceuticals, particularly for those firms which arrange local packaging and mixing of their product.

There are 200 retail pharmacies in Tehran. In addition to the maintenance, by local distributors, of a sales force to call on the pharmacies, some manufacturers' representatives have a force of technically qualified representatives (detail men) who call on the medical and dental profession to explain the nature and specifications of their products. Other foreign manufacturers give their distributor an allowance to train detail men.

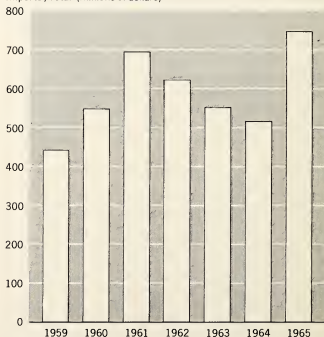
Most importers have their own wholesale distribution department. A few independent wholesalers do buy from importers. Distributors generally receive extended payment terms from foreign manufacturers (90 days) and in turn pass this on to the retail outlets which commonly repay the distributor by postdated check or by note over a 2-to-4-months period. The Government sets the retail price for pharmaceuticals, allowing a 40-percent profit which is split among the importer, wholesaler, and retailer.

Dyestuffs, plastic raw materials, and fertilizers currently could be exported to Iran from the United States in increasing amounts. Total imports of these products from all countries amounted to \$20 million in 1965, and the U.S. share was \$1.5 million. Data on these imports are presented in table 5.

West Germany is the principal supplier of dyestuffs to the textile industry, the main consumer. West German suppliers are so well entrenched in the dyestuff market that U.S. firms will have difficulty in entering that market without good local representation or repeated contact with textile manufacturers.

The Import Trend is Up

Imports, Total (millions of dollars)



1/ Years Ending March 20.

Source: Ministry of Economy, General Department of Trade Statistics, Foreign Trade Statistics of Iran, 1337-1343.

Production of plastic products has increased rapidly; a few large and many small plants produce a wide range of plastic articles. Urea formaldehyde, polyvinyl chloride compounds, phenolic polystyrene, polyethylene, and polyamid are currently being imported for domestic industry. Plans for local production of these raw materials to meet local needs are underway but will require several years to complete.

In the past, actual use of fertilizers has been limited, but the Iranian Government now recognizes the need for increased use of fertilizers in order to meet development plan goals. Although imports of chemical fertilizers in 1965 totaled only 38,500 tons, imports could increase rapidly when modern farming techniques become more widely used. Chemical fertilizer is produced at Shiraz in a factory which will eventually have a capacity of 88,000 tons of urea and ammonium nitrate. The Chemical Institute of the Ministry of Agriculture currently imports and subsidizes the resale of fertilizers to farmers.

Imports of paints, varnishes, pigments, and related chemicals totaled \$4.4 million in 1965. West Germany, the United Kingdom, the Netherlands, Denmark, and the United States were the principal suppliers of these materials. Local production in 1963 of linseed oil-based paint was estimated at 2,750 tons, which was about 70 percent of domestic requirements.

Chemicals produced locally include sulfuric acid, caustic soda, sodium sulfate, stearine, glycerine, sulfur, and iron oxide. Only small amounts of them are made.

TEXTILES AND TEXTILE MACHINERY

The second largest industry in Iran is textiles. Many of the larger mills are located in the Isfahan area, which accounts for 60 percent of the total production of the country. The annual capacity of the industry approximates 500 million yards, but current production is estimated at 350 million yards. About 60 percent of this production is cotton piece goods, 25 percent synthetic fibers, 12 percent silks, and the remainder woolens. Selected statistics on the Isfahan textile industry are:

Employees.....	number.....	16,738
Cotton		
Spindles.....	do	245,151
Looms.....	do	3,822
Production		
Cloth.....	yards.....	59,933,608
Yarn.....	bundles	4,779,984
Consumption		
Cotton.....	tons.....	26,470
Viscose.....	do	11,083
Wool		
Spindles		
Woolen.....	number.....	16,820
Worsted.....	do	6,020
Looms.....	do	443
Production		
Cloth: woolen and		
worsted.....	yards.....	2,840,207
Blankets.....	do	280,829
Consumption, wool.....	tons.....	3,073

Note: 1 bundle = 5 pounds.

Imports of some textile raw materials and fabrics are prohibited, including raw silk, silk thread (except for retail sale), many silk fabrics, certain artificial silk fabrics, wool blankets, certain cotton threading, and cotton fabrics. Special approval of the Ministry of Economy is required for imports of raw cotton, cotton waste, and carded and combed cotton. Imports of used clothing are banned.

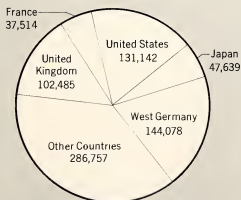
Synthetic thread, fibers and waste, raw wool, wool yarns and threads, and wool fabric may be imported (see table 6). Imports of these products amounted to \$57.8 million in 1965. Although the market is currently supplied by Japan, West Germany, and Italy, it offers good prospects for U.S. exporters in the immediate future.

About 75 percent of cotton piece goods consumed are of the light, inexpensive, calico type. Of all textile fabrics sold for wearing apparel, 80 to 90 percent are sold as piece goods; the remainder, as ready-to-wear. Readymade items include stockings, ties, undergarments, and an increasing amount of men's shirts and suits. Much of the clothing is manufactured in small, two- or three-man tailor shops.

In buying fabrics, merchants give preference to color, design, price, and width of the goods. There is little brand recognition and quality seems to be a secondary criterion.

No One Country Dominates Among the Iranian Suppliers

Value of Imports, 1965^{1/}
In Thousands of Dollars



^{1/} Year Ending March 20.

Source: Ministry of Economy, General Department of Trade Statistics, Foreign Trade Statistics of Iran, 1343.

A large amount of cloth is purchased by governmental and private institutions. About 25 percent of the cotton cloth purchased by these institutions is distributed to employees as a bonus before the Iranian New Year.

Imports of most wearing apparel are prohibited. Exceptions include hosiery, overcoats, underwear, neckties, corsets, brassieres, belts, and hats, but import duties and taxes on these products range as high as 150 percent.

Since Iran is self sufficient in many textiles, no overall expansion such as occurred during the Second Economic Development Plan (1955-62), is now planned for the textile industry. Thus, the market for textile machinery consists principally of replacement equipment although a few mills are planning individual expansion projects. Much of the machinery already in the country is of West German and British manufacture; additional machinery tends to be purchased from the same sources unless price and credit terms make another country's products significantly more competitive. In addition, the competitiveness of Japanese firms makes the textile machinery market a difficult one for U.S. firms to enter.

Total imports of textile machinery and spare parts, including sewing machines, amounted to \$10.9 million in 1965, up from \$7.4 million in 1964. Data on im-

ports of principal items of textile machinery in 1963-65 are shown in table 7.

CERAMICS AND METALS

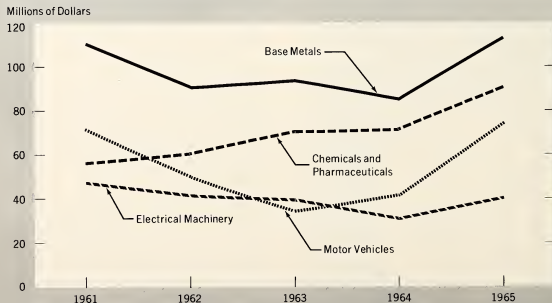
Among the glass products manufactured in Iran, glassware, containers, and sheet glass are not sufficient to meet local demand. Imports of those items are reported in table 8. Total imports of glass including chinaware amounted to almost \$7 million in 1965.

Importers of glass products generally act as wholesalers and distributors as well as sales agents for local manufacturers. Their sales offices often are located in the Tehran bazaar which is also the major retail outlet for that city and the distribution center for the country.

With an increase in construction activity, the demand for sanitary fixtures has improved. At the present time, however, these fixtures are imported primarily from Eastern and Western Europe at prices averaging 20 percent below those of comparable equipment from the United States. Total imports of sanitary fixtures amounted to \$2.6 million in 1965.

There are no metal smelters currently operating in Iran; the bulk of the country's metal requirements must be imported. Principal imports are listed in table 9. There is, however, significant local fabrication of handicraft and household items.

Machinery, Vehicles, Base Metals, and Chemicals are Among the Principal Imports.



1/ Year Ending March 20.

Source: Ministry of Economy, General Department of Trade Statistics, Foreign Trade Statistics of Iran, 1339 - 1343.

Imports of steel mill products totaled \$50 million in 1965. The Republic of China (Taiwan) was the principal supplier of bars, angles, and rounds while West Germany was the major source for beams, channels, wire, and pipe. The United Kingdom was the principal supplier of plates and sheets. United States suppliers have not been competitive in this market except for tinplate waste and uncoated pipe.

Imports of steel products for general industrial purposes are made by commission agents. Sales are made either direct to end users on large orders or to small warehouses on other orders.

Several steel industry projects are in various stages of planning or construction. In January 1966 an agreement was signed with the Soviet Union for the construction of a 600,000 ton integrated steel mill which will be located near Isfahan and will use iron ore and coal from deposits near Kerman. A rolling mill is under construction in Ahwaz which will have a capacity of 65,000 tons of finished products. A steel pipe mill is also being planned.

Imports of ingots and semifinished copper and aluminum products totaled \$7 million during 1965. The principal imports are reported in table 10. Copper sheet and plates are used in making handicrafts. Both copper and aluminum are fabricated into utensils. An aluminum extrusion mill outside Tehran produces custom bars, tubes, and rods. The best prospects for U.S. products in this market appear to be copper tube and aluminum ingots.

MACHINERY

Agricultural Equipment.—One of the best markets in Iran is for agricultural machinery and irrigation equipment. With Government emphasis on agricultural development and with only a few districts of the country even partially mechanized, there should be a strong, continuing demand for tractors, farm implements, and irrigation pumps.

In 1965, imports of agricultural tractors totaled \$13.5 million, with the United States, United Kingdom, and West Germany holding the major share of the market. The principal suppliers are listed in table 11. Thirty-five foreign manufacturers of agricultural machinery are represented in Iran. Local assembly of tractors is being undertaken by a Swedish firm, but the Government does not now restrict tractor imports.

The Ministry of Agriculture estimates that under its mechanization program 20,000 tractors, 1,950 combines, 6,800 small tractors, and 40,000 various types of implements will be needed by 1970. At the end of the calendar year 1964 there were an estimated 6,479 tractors and 1,105 combines in Iran.

Imports of agricultural implements amounted to \$6.1 million during 1965. Small, hand-driven mechanized equipment for rice cultivation is being sold in increasing amounts, particularly by the Japanese.

The market for disc plows, rotary hoes, and seed drills has good potential. In selling agricultural implements, there is a need for educating farmers in both the use of the equipment and the methods of modern farming.

Most importers of foreign equipment import for their own account and also act as distributors. They maintain spare parts and servicing facilities. The markup on sales ranges from 20 to 30 percent.

Iranian Government policy toward the agricultural sector is an important influence on the type of farm equipment that can be sold. Farm equipment of small size sells best. This is so because the land reform program limits the size of the farmer's holdings and because the Government finances a greater portion of the cost of small equipment than of large equipment.

The Agricultural Machinery Bongah (institute) finances part of the cost of the farmer's purchase of certain types of equipment, thus: tractors up to 45 horsepower (hp.), Rls. 150,000; tractors 46 to 60 hp., Rls. 200,000; tractors 61 to 90 hp., Rls. 300,000; tractors over 91 hp., none; implements, 75 percent of value; and combines, Rls. 400,000.¹

The loan is payable in six years at six percent. The farmer may obtain a loan from the bongah only if the foreign manufacturer from whom he buys the equipment is registered with the bongah. In addition, the distributor often finances the farmer for a portion (usually up to 50 percent) of the balance not eligible for a bongah loan.

Some sales are financed entirely by distributors but this is costly to the farmer. On a 2-year installment loan, with 15 to 20 percent down, the farmer may be charged interest as high as 20 percent per year.

Much of the farmland in Iran is irrigated and this is done principally through ditches or underground conduits (qanats). United States manufacturers supplied 70 percent of the \$2 million worth of deep well turbine pumps sold in 1965 (see table 12) while the United Kingdom was the principal supplier of centrifugal pumps.

Pumps are not now manufactured locally although there are plans for their local assembly. The Ministry of Water and Power, which distributes pumping equipment to farmers, is a major purchaser of pumps.

Import duties are not levied on agricultural machinery or deep well pumps, nor are there any exchange restrictions on imports of agricultural machinery. For pumps sold on a sight draft basis, the draft must be paid within 2 years.

Food Processing Equipment.—Food processing is an infant industry in Iran. But, with Government emphasis on agricultural development, the market for food processing machinery should increase. Firms in-

¹ \$1=75.75 rials.

terested in selling this machinery equipment should be flexible in their sales approach. Sales often have to be made on a turnkey basis. In other instances, some equity participation in the venture may be necessary on the part of the equipment supplier. In any event, suppliers should be prepared to provide technical assistance for the installation and operation of their machinery.

Progress has been made in the development of vegetable oil processing, sugar refining, fruit and nut drying, and date packing. Local production of vegetable oils, based almost entirely on locally grown oilseeds, amounted to 38,500 tons in 1965. The current demand for vegetable oil is estimated at double this amount. Sugar beet production in 1965 was estimated at 1.1 million metric tons from which 159,500 tons of cane sugar were produced. An additional 22,000 tons were

refined from sugar beets. Date production for Khuzistan Province, the principal producing region, approximates 82,500 tons a year. To meet local demand and increase exports, the Government envisages the expansion of each of these industries; their expansion will require processing machinery.

The vegetable and fruit canning industry is also expanding. Currently, many of these products are available only on a seasonal basis and production is limited. Approximately 50 million units of canned vegetables and fruits are produced annually by 20 canning factories of which 8 are of relatively large size. Although processors have difficulty in obtaining a constant flow of raw materials, total production is expanding every year. Less sophisticated and semi-automatic equipment is most suited to this market.

Some alcoholic and nonalcoholic beverages are manufactured locally. There are three milk pasteurization



ABADAN REFINERY: One of the world's largest crude oil refineries. It's located at Abadan, Iran, at the head of the Persian Gulf.

plants and several ice cream plants in Iran. The major U.S. soft drink manufacturers have bottling plants; the present production of soft drinks is sufficient to satisfy the demand. There are two breweries and some wine is produced locally. The import of alcoholic beverages is prohibited except by permission of the Minister of Economy for the consumption of tourists.

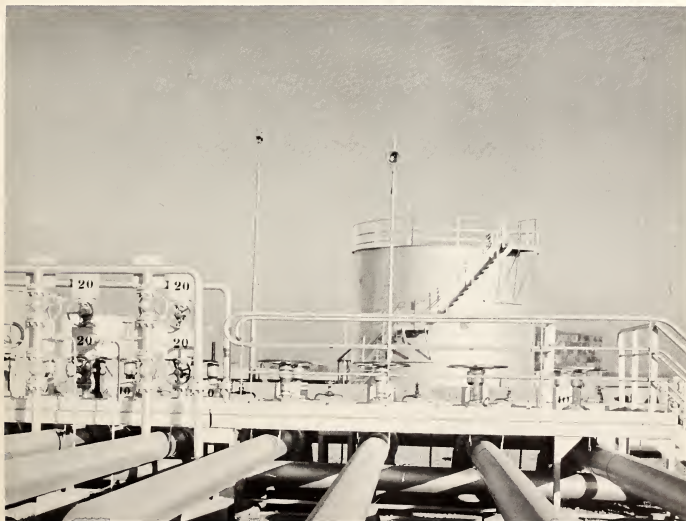
Electrical Equipment and Appliances.—Electrical equipment requirements are expected to rise during the next several years because of the electrification program which is being carried out under the third plan. In addition to providing a market for power generating and transmission equipment, the electrification program, by bringing adequate power to many Provincial towns for the first time, will provide an increased market for electric appliances and electrical industrial equipment. In addition to steam and hydrogenerating units, the sales outlook is particularly good for diesel generating units.

Imports of electrical equipment, including appliances, amounted to \$40 million in 1965. West Germany was the principal exporter of generating and

transmission equipment while U.S. suppliers are most competitive in heavy power generating equipment.

United States exporters face import barriers and stiff competition in the electric appliance market. Electric refrigerators are assembled locally and their importation is prohibited; nonelectric refrigerators may be imported. Cooking stoves and small space heaters, although manufactured locally, may also be imported. In 1965, over \$1 million worth of small electric fans were imported; two-thirds of these were supplied from Japan. Electric shavers, flat irons, vacuum cleaners, and hair dryers are also imported in small, but increasing amounts. Import data on some of these products are contained in tables 13, 14, and 15.

Radio and television receiving equipment is assembled locally and its importation is prohibited currently. Only component parts may be imported. Imports of component parts for radio receivers totaled over \$3 million in 1965 and were supplied principally by the Netherlands, France, West Germany, the United States, and Japan. There is a potential market for television



OIL MONEY: Revenues from oil are greater than from any other one source. Here is a tank farm located near Tehran, Iran.

transmission equipment for a Government-owned project in Tehran that has been in the planning stage for several years and for radio transmission equipment.

The market for air-conditioning equipment should continue to expand. Water-cooled equipment is assembled locally and has proved popular in the Tehran area because the cost is lower than gas-cooled, imported equipment. Gas-cooled equipment is more popular in the South because it is more effective in the 125° F. temperatures of the summer months. With increased construction activity in Tehran, there is also market for central air-conditioning systems.

Office Equipment.—All business machines, typewriters, and office supplies are imported. On the other hand, office furniture is manufactured locally; since production meets demand, imports are restricted.

Imports of business machines and typewriters totaled \$2 million in 1965. West Germany, Sweden, and the United States were the principal suppliers (see table 16). While less sophisticated automatic data processing machinery has been sold primarily to the banking community, importers indicate that there is an untapped market for this type of equipment in the governmental and commercial sector.

Importers of office machinery buy for their own account and act as distributors, maintaining showroom and service facilities. Most major foreign suppliers are represented.

Tools.—Machine tools are not produced locally. Both machine tools and hand tools are imported. Total imports of these tools approximated \$10 million in 1965. With increasing industrialization, the market for machine tools, in particular, is expected to expand.

West Germany is the most important tool supplier, but competition is increasing from Japan and Eastern European countries. United States firms are competitive in some lines, such as welding equipment.

Data on handtool imports appear in table 17.

Of the hundred shops selling machine tools, half do their own importing. Important buyers of machine tools include the Iranian State Railways, the Iranian Army, and the oil consortium.

Central Bank regulations require that some tools be purchased only on a letter of credit basis; others, sight and time draft. Terms of 180 days are common for time drafts.

MOTOR VEHICLES AND PARTS

Iranian imports of automobiles, which were at a low level during the recession period of 1962-64, rose significantly during 1965 (see table 18). West Germany and the United States lead the small and medium-sized car market, respectively. Trade sources indicate that the Iranian market can absorb 20,000 passenger cars per year. Major foreign manufacturers maintain dealers with service facilities in Tehran.

A list of Iranian imports of items valued at over \$500,000 of which the United States had less than 10 percent of the market in 1965 appears in table 21.

The passenger car market is, however, inhibited by high import duties and commercial profits taxes—CPT, which are levied on the c.i.f. value under the Iranian customs tariff as follows:

Landed Cost	Import duty, percent	Commercial profits tax, per pound
\$1,333.33 or less.....	25	\$0.36
\$1,333.34 to \$2,000.00.....	30	.36
\$2,000.01 to \$2,666.67.....	30	.48
\$2,666.68 to \$4,000.00.....	50	.90
Over \$4,000.00.....	50	1.80

Thus, the duty and tax on a \$2,500.00 car weighing 2,200 pounds would be \$1,806.00.

Italian passenger cars as well as U.S. and U.K. four-wheel drive vehicles are now being assembled. Some 1,500 units were assembled in 1964. West German, British, French, and U.S. manufacturers are negotiating with Iranian partners for joint venture passenger car assembly operations. These operations, at capacity, may supply most of the market. West German and British firms are assembling trucks and buses, several other firms have been given licenses for local assembly.

Imports of motor vehicle spare parts were valued in 1965 at \$25 million of which the United States supplied 30 percent. Since there are over 200 importers of spare parts, the market is competitive. Although there is some preference for genuine and well-known brand parts, the emphasis is on price. For instance, Japanese fan belts which are currently selling for 50 to 60 percent less than some U.S. brands now dominate the market.

Most imports of spare parts are on a letter-of-credit basis.

Imports of service and maintenance equipment are not large primarily because of a small repeat business. Hydraulic and mechanical jacks, lubrication equipment, and headlight adjusting equipment sell reasonably well. There is less of a market for the more sophisticated items, such as engine testing equipment, because of the initial cost of the equipment and the training required in its use. There are only two tire-recapping operations in Tehran.

Automobile and truck tires are manufactured locally by two U.S. firms. Consequently, imports of many sizes, including common passenger car sizes, are prohibited. Imports of truck tires amounted to \$7.8 million in 1965 but will decrease.

Data on imports of tires and other principal rubber products appear in table 20.

Distribution

Most foreign firms with significant sales in the Iranian market are represented locally by a distributor or agent. Branch offices are not used to a large extent. Iranian regulations do not require that a foreign firm be represented locally to sell in Iran and so, theoretically, it is possible to do business on a direct basis without the use of an agent or distributor.

REPRESENTATION

Foreign firms selling successfully in Iran, however, invariably have local representation. Knowledge of local trading practices and customs is very often essential to making a sale. From its inception, a project or piece of business often takes a long period to materialize—too long for someone from the home office to spend profitably in Iran. Both Government officials and private businessmen tend to rely on a local representative in drawing up specifications for goods. Then, there may be continuing problems on quotations, financing, import regulations, and collections which are best solved by a local representative.

Distributorships are the most common form of representation for machinery, motor vehicles, consumer items, and other products which require servicing and the maintenance of stocks of original equipment and spare parts. Distributors act as principals and buy on a letter-of-credit basis when required by Government regulations or foreign suppliers. They also buy on extended credit terms. In the view of the Iranian merchant, terms of credit are a vital factor in his relationship with the foreign manufacturer because of the high cost of financing in Iran.

Agency relationships are used primarily when bulk commodities are traded. Agricultural items, iron and steel, and raw material are sold on an agency basis. It is common practice for an importer to hold several agencies and at the same time to buy for his own account.

The majority of distributorship agreements are made on an exclusive basis for the entire country. Therefore, any direct inquiries received from other

merchants are referred by the manufacturer to his distributor. Agencies may be either on an exclusive or nonexclusive basis. Local firms usually hold more than one agency or distributorship in noncompeting or allied lines. It is not unknown, however, for firms to have agencies in competing lines.

Most importers have their principal offices in Tehran and, when necessary, branch offices or subagencies in Provincial capitals. The Government encourages importers in the Provinces to do their own importing directly. This is evident in Isfahan, for instance, where textile manufacturers may purchase their requirements directly if the foreign manufacturer is not represented in Iran. Other importers have their principal offices outside of Tehran and a branch office in that city. One large importer of agricultural equipment has his main office in Meshed, with a branch in Tehran.

Foreign manufacturers are not usually represented in Iran by branch offices unless they have manufacturing or assembly operations or unless they are doing construction or engineering work. Foreign firms opening branch offices in Iran may have to pay registration fees on their entire capital not merely on capital invested in Iran. Exceptions to this regulation are industrial companies which fall under the Law on Attraction and Protection of Foreign Capital of 1955 and those organizations that are formed for scientific, literary, or charitable purposes.

The basic Iranian legislation covering the organization and operation of business entities, commission agents, brokers, attorneys, and other persons doing business as a principal or agent is the Iranian Commercial Code of 1932. Other subjects covered by the code include instruments, bankruptcy, and trusteeship. Although there have been no changes since 1932, the code is currently under revision.

IMPORT FINANCING

Financing an import transaction can be expensive for the Iranian merchant. The cost of money in Iran ranges from 8 to 25 percent, depending upon the assets and reputation of the borrower.

To some extent, Central Bank regulations control the payment terms under which goods can be imported. The bank requires that certain goods be imported only on a letter-of-credit basis and specifies the percentage of advance deposit required when the letter of credit is opened by the importer. Certain chemicals, including plastics, dyes, and fertilizers, synthetic textiles, and semimanufactured metal products currently require a 15-percent advance deposit; other chemicals, certain steel products, office machines, appliances, and precision equipment entail a 40-percent deposit; less essential goods, such as some clothing, washing machines, and musical instruments require a 100-percent deposit. All other goods, unless they are permitted to be imported on a collection draft basis, are required to be imported under a letter of credit with a 70-percent advance deposit.

The Central Bank also specifies some goods that may be imported on draft basis and stipulates the maximum maturity period for the draft. Pharmaceuticals may be imported on drafts of up to 4 months. Parts for assembling radios, television sets, electric refrigerators, and motor vehicles may be imported on drafts with a maximum maturity period of 6 months. For most industrial machinery, including agricultural, roadbuilding, food processing, and textile machinery as well as electrical and railroad equipment, the maximum maturity period is 2 years. Machinery for factories may be granted extensions of the maturity date, and agricultural machinery sold through the Plan Organization may have a maximum maturity of 3 years. When goods are allowed to be imported on a collection draft basis, but actually are imported under a letter of credit, a 15-percent advance deposit is required. Exceptions to all these requirements may be made by the Central Bank. For all goods imported on a draft and letter-of-credit basis, a 2-percent advance deposit is required. The deposit is returned when the goods are cleared through customs.

Importers and distributors may give extended payment terms to retailers and end users. Credit is also extended by commercial banks and professional money lenders. Terms vary with the product—30 to 90 days for nondurables to 4 years for heavy machinery. The financing of retailers is often accomplished by means of postdated checks dated when the installments are due. Notes payable are more commonly used. Discounted short-term notes, called *softeh*, are rediscounted several times, particularly in the bazaars.

The financing of retailers is a problem for the importer. He cannot sell without financing, yet he spends an excessive amount of time on collections. Late payments are an accepted hazard of the Iranian business world, and one importer estimated that over 50 percent of his time is spent on collections. Usually, this

requires a trip to the place of business of the delinquent account.

For goods that do not have to be imported under a letter of credit, payment terms are an important criterion in placing business. Because of the high cost of obtaining money locally, Iranian merchants understandably favor the exporter who can supply export credit.

RETAIL AND WHOLESALE

The principal retail outlet for light industry goods throughout the country is the bazaar. Almost all cities, towns, and villages have one. Retailing, wholesaling, financing, storage and light manufacturing take place there.

The bazaar is a labyrinth of alleys lined with small shops or stalls piled high with a profusion of merchandise. Public areas are crowded with jostling shoppers, beasts of burden, and an occasional motor scooter. The selling sections of the bazaar are broken into market areas whose shops deal in particular lines of merchandise. Thus, all the shoe stores are found in one area, the jewelry shops in another. Often, one merchant may own several shops in close proximity and sell almost identical merchandise in each of them. There is an active interchange of goods among re-



IRANIAN BUSINESSMAN: A typical, well-to-do bazaar merchant in his office in a *caravanserai*. A *caravanserai* was originally an inn consisting of a large courtyard surrounded by rooms for lodgers. Merchants often have offices in the *caravanserai*.

tailors; if an item is not in stock in one shop, it is obtained from another.

While the bazaar was once the principal location of business offices in Tehran, today many firms have moved their main offices out of the bazaar to more spacious quarters. Importers of capital goods, appliances, vehicles, and other goods requiring showroom and service facilities generally are located in one of the many modern buildings uptown from the bazaar. It is common for importers of competitive products to be located on one street or in one area, as are importers of automobile parts or plumbing supplies.

The Tehran bazaar is still the principal retail outlet for the city, but there are also many small stores as well as a large Government department store outside the bazaar. The department store is a modern four-story establishment in downtown Tehran complete with a basement housewares department and a gift shop on



HAWKER: An Iranian cries his vegetables and bread in the street at the entrance to the bazaar in Tehran.

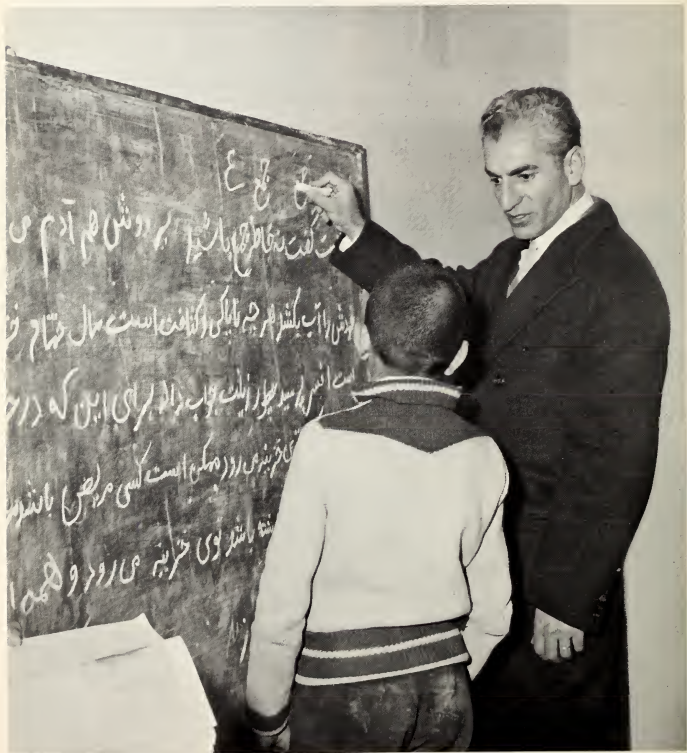


GOVERNMENT AND INDUSTRY: At the opening of a dry-cell plant in Tehran, Iran, the Minister of Economy, left listens while the general manager of the new plant explains the composition of the batteries.

the top floor. Merchandise is attractively displayed both in display cases and on counters. Prices are fixed, unlike those in the smaller shops where they are negotiable. Most of the merchandise is of local origin. Several other stores are called department stores but are, in reality, clothing stores which handle a relatively complete line of wearing apparel.

MARKET AREAS

The population of Iran is estimated at 22 million. Most of the inhabitants live in the north and north-west part of the country; they are concentrated in Tehran, in the Provinces of Azerbaijan, and along the Caspian Sea.



THE SHAH AS A TEACHER: His Imperial Majesty the Shahanshah of Iran visits a school and examines a student. The Shah frequently visits school classrooms to inspect the progress of education programs in Iran.

Approximately 68 percent of the population live in rural areas and 30 percent in places of over 5,000 inhabitants. Almost half the urban population of 5.4 million lives in the five largest cities. The following are population statistics for Iran's 10 largest cities:

	1956 Census	1963 Estimate
Tehran	1,512,082	2,317,116
Tabriz	289,996	387,803
Isfahan	254,708	339,909
Meshed	241,989	312,186
Abadan	226,083	302,189
Shiraz	170,659	229,761
Kermanshah	125,439	166,720
Ahwaz	120,098	128,434
Rasht	109,491	118,634
Hamadan	99,909	114,610

Source: Adapted from Iran, Ministry of Interior, Public Statistics Department, *National and Province Statistics of the First Census of Iran, November 1956*, and *Echo of Iran, Iran Almanac*, Fourth Edition.

Tehran.—Tehran, with a population of over 2,300,000, is the major business center and the major market in Iran. General industry is concentrated around Tehran because commercial facilities, transportation, and communications are readily available. Most representatives of foreign firms are located in Tehran, and most of the import and Government buying is done in that city.

The central business district, which spreads outward from the bazaar, is located in the southern part of the city. Many of the larger business establishments are located north in the area of Takhte Jamshid Street. Many of the newer industrial establishments are located to the west, along the road to Kharaj, in the vicinity of Mehrabad Airport. Some Government offices are located directly north of the bazaar; others, in various parts of the city.

It is the leading market in Iran for consumer goods because family incomes are higher than in other ur-



NURSES' TRAINING: Iranian girls are being trained as nurses and medical assistants by the Iranian Red Lion and Sun Organization, a counterpart to the Red Cross.

ban areas. In 1960, the average annual income of a Tehran family was reported to be approximately \$1250 while that of the average urban family was \$875. Only 7.3 percent of the urban families earned more than \$165 per month whereas 14 percent of the families living in Tehran earned more than \$165 per month.² It is estimated that there are 1,100,000 urban families in Iran of which 500,000 live in Tehran.

Secondary Marketing Areas.—The following areas are important as markets for locally produced products. Most businessmen in these areas generally purchase their imports through importers in Tehran. Many of the larger firms in the Provincial areas, however, purchase their imports direct from foreign suppliers.

Tabriz is the distribution center for Azerbaijan in northwest Iran. Carpets, textiles, and matches as well as agricultural products are produced in the area. Tabriz is linked by road and railroad to Tehran and will soon be connected by rail to Van on Lake Van in eastern Turkey.

Isfahan, the principal center of the textile industry, has 24 major spinning and weaving mills. It is a marketing center for the central part of the country and also a tourist center. There is no railroad to Isfahan. The establishment of a steel mill in the Isfahan area will add significantly to this market.

² Bank Markazi Iran, *Bulletin*; January-February 1963. Tehran, Iran.



CABINETMAKERS: Output of sawed lumber per man hour could be increased hundreds of times in this Iranian woodwork shop with a U.S.-made half-horsepower electric saw.

Shiraz is a market center for south central Iran. Carpets and agricultural products are produced in the area. A modern chemical fertilizer factory is located outside the city on the road north of Persepolis. It also has several textile mills, sugar refineries, and a cement plant.

Khuzistan Province is the second most important marketing area in Iran. Abadan, the principal city of Khuzistan Province, is the location of the oil consortium's large refinery and the center of the oil worker population. Khorramshahr, the principal port of Iran, is located a few miles upstream from Abadan. Ahwaz, with electric power from the nearby Pahlavi Dam, promises to become an important industrial center. The principal cities of Khuzistan Province are connected by road and rail to the north.

Mesched is the principal city in the northeast and the capital of Khorasan Province. It is the center of a large wheat, sugar, and fruit producing area. The city is the eastern terminal of the railroad from Tehran and the south.

Kermanshah, the center of an important agricultural area, is the site of the second largest oil refinery in the country. The city is in the western part of the country, 327 miles southwest of Tehran on the highway from Tehran to Baghdad in Iraq.

Hamadan is 118 miles east of Kermanshah in the western part of the country. It is also in the center of an agricultural area.

Located near the Caspian Sea and its principal port of Bandar Pahlavi, Rasht is the largest city in Gilan Province. It is the center of a tea and rice producing area and is a summer resort.



SUGARCANE: Its investment in machinery, such as this U.S.-made tractor-loader, has helped Iran with its development of the cane sugar industry. Development of this Iranian industry in Khuzistan is aided by the Development and Resources Corporation, New York, N.Y.

GOVERNMENT PURCHASING

Although Iran is basically a free-enterprise economy, the Government purchases many items in addition to its day-to-day operating requirements. State monopolies are responsible for importing tea, tobacco, and sugar although the monopolies may authorize private firms to import these products.

The Government also operates over 200 manufacturing and processing plants in the food, textile, chemical, mining, and other industries. Although the overall administration of Government factories has been consolidated in one company, the Iran Factories Company, purchasing is done by the separate establishments.

The Foreign Transactions Company, an agency of the Ministry of Economy, purchases the operating requirements of some Government agencies and departments. Other departments purchase their requirements direct. The Iranian State Railways, the Tobacco Monopoly, and the Irrigation Bongah (Institute) of the Ministry of Water and Power purchase railroad equipment, cigarette paper, and irrigation pumping equipment, respectively. The names and addresses of principal Government procurement agencies are contained in Appendix B.

Purchasing by Government agencies may be done either by closed or open tender. Small requirements are purchased through direct negotiations. Local agents of foreign manufacturers should be registered with applicable local Government agencies in order to qualify to receive and bid on tenders.



PRIMITIVE COTTON GIN: The mechanized cotton gin has not yet altogether displaced the hand-operated ones such as these men operate in an Iranian workplace.

Many Government agencies require bidders to post performance bonds. The amount of the bond may be 5 to 10 percent of the bid or it may be a specified amount, depending on the tender. Tender documents also specify the form for posting the bond, i.e., bank guarantee, Iranian Treasury bonds, or cash. The Government agency may require an inspection of the goods prior to their shipment by an independent surveillance company.

The Government generally requires C and F quotations. In addition, Iranian law requires that Government purchases be insured by the Iranian Government Insurance Company (Bimeh Iran).

Purchasing is done by the individual companies of the Pahlavi Foundation. The foundation, which engages in charitable and social welfare activities, and is endowed with assets of the ruling family, has a significant equity interest in hotels, banks, and manufacturing companies. Trusteeship of the foundation is held by the Shah who appoints a ten-man body to supervise the endowment. The foundation holds equity interests in the following manufacturing companies:

- Kermanshah Sugar Factory
- Hamadan Sugar Factory
- Darupaksh Pharmaceutical Plant
- Fars and Khuzistan Cement Plants
- Kovar Sugar Factory
- Ahwaz Sugar Refinery
- Iranit Factory (asbestos and cement products)
- B. F. Goodrich Tire Factory
- Gohestan Sugar Factory
- Tehran Cement Plant
- Fariman Sugar Factory

OIL COMPANY PURCHASING

With the award of offshore concessions to six new groups of international oil companies in the first half



BOTTLING MACHINE OPERATORS: Men at their filling and capping machines in this plant prepare milk for meals in Tehran, Iran.

of 1965, the already significant purchases by oil companies operating in Iran should increase even more. Construction of petroleum installations will continue to offer major opportunities for services of American contracting and engineering firms as well as for American suppliers of oilfield and related equipment. Imports of the oil consortium operating companies, the Iranian Oil Exploration and Producing Company, and the Iranian Oil Refining Company were \$52.9 million in 1965. Other oil companies operating in Iran include the Iran Pan American Oil Company, Societe Irano-Italienne des Petroles, and the Iranian Government-owned National Iranian Oil Company—(NIOC). In 1965, imports of these three companies were \$3.5 million, \$2.1 million, and \$10.6 million, respectively.

Imports for the oil consortium are purchased through Iranian Oil Services, Limited, London, and to lesser extent, through local agents. No import duties or commercial profits taxes are imposed on direct imports to the oil consortium companies or to the other oil companies operating in Iran.

NIOC distributes petroleum products within the country, primarily through gasoline stations which it owns. Most of these products are locally refined. In addition, NIOC provides and administers ancillary services required by the consortium in its operations. Most of the imports required by NIOC for the consortium are purchased through oil consortium channels.

ADVERTISING

Modern advertising methods are new to Iran. While newspapers and giveaway items were the only media used 20 years ago, cinemas, radio, television, and a proliferation of signs now also advise the consumer to buy. Of 60 advertising agencies in Iran, 5 account for 75 percent of total industry billings of \$4 million per year.

There are two major daily newspapers in Iran, Kayhan and Ettelaat, with circulations of 65,000 and 55,000, respectively. In addition to several other smaller Persian dailies, there are also two English, one French, and one Armenian-language daily newspapers. Approximately 25 weekly and 40 monthly periodicals are also published. The effectiveness of newspaper advertising is limited by the high rate of illiteracy, yet newspapers do reach persons with the greatest purchasing power. Column-inch rates vary from \$2.80 for the leading newspapers to \$1.18 for smaller ones, per insertion.

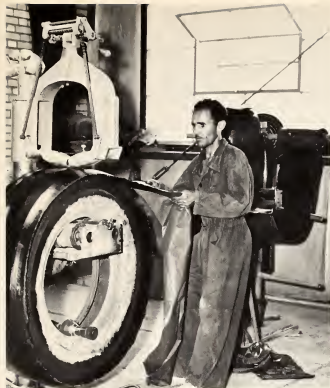
Radio is used by advertisers in Iran to reach the mass market. The Iranian State Broadcasting System operates local broadcasting services. Radio Iran, the principal station, which broadcasts 24 hours a day, allocates one 15-minute and several 2-minute periods each day for advertisers. Rates vary from \$1.20 to \$2.25 per word depending upon the time of the day



IRANIAN RUG: Persian rugs have been made by the same methods and according to the same patterns since the sixteenth century.



MAN AND MACHINE: A construction worker mixes asphalt for a road he is helping build north of Malayer, Iran. Highway construction is an important part of the third development plan.



NEW TREADS FOR OLD: The U.S. Agency for International Development supplied \$95,000 in equipment for this tire recapping plant in which an Iranian retreads a U.S.-brand tire.



CAVIAR FACTORY: On the Caspian Sea, whose shore nearest Tehran is just seventy miles to the north, fishermen display the morning's catch of sturgeon. From Caspian sturgeon come choice caviar.

the advertising is placed. The Government awards the total advertising time on the basis of the highest bid to a contractor who then sells the time to advertisers. There are no private radio stations in Iran. There are other Government-operated radio stations in most major cities.

Advertising time is sold by two private Iranian television stations, one in Tehran, the other in Abadan. Both stations broadcast during the evening hours only, with advertising rates varying with the time of day. Rates for 60-second spot announcements run from \$106.66 to \$266.66 per announcement. Although there are only an estimated 60,000 television sets in the country, the total audience may reach 500,000 with many persons watching television in public places or in homes of friends.

The use of giveaway items and slides and films in theaters are other popular forms of advertising. A 60-second film may cost \$200 for 1 month's showing in a theater. Posters and signs are other, often-used forms of advertising.

PORTS, STORAGE, AND TRANSPORTATION

Iranian ports are operated either by the Government or the oil companies.

Khorramshahr, the principal general cargo port, is located near the head of the Persian Gulf. Bandar Shahpur, the other principal port on the Persian Gulf, is used for discharging bulk and military cargoes. Minor ports include Bushire and Bandar Abbas in the south and Bandar Pahlavi on the Caspian Sea.

These ports are administered by both the Department of Customs, which is responsible for receiving, handling, and providing storage for cargo, and the Department of Ports and Navigation, which is responsible for the berthing of vessels and maintaining ships' facilities, navigational aids, and piloting. The Department of Customs leases from the Iranian State Railways the railroad equipment for handling cargo within the ports.

Total cargo imported through Iranian Government ports amounted to 1,617,966 tons for the year ending December 20, 1964. Of this amount 958,729 tons were imported through Khorramshahr and 622,570 tons through Bandar Shahpur.

In most cases, cargo must be offloaded by ships' tackle. Labor contractors supply stevedores who work under the supervision of ships' officers. The labor contractors accept no responsibility for damage to ships or cargo. Goods shipped through these ports are subject to rough handling, temperatures of 125° F. in the summer, and driving rains in the winter. Appropriate packing should be used.

The port of Khorramshahr has 360,000 square feet of covered storage space, which has a capacity of 200,000 tons, and 2,475,000 square feet of paved open storage area. Bandar Shahpur has 230,000 square

feet of covered storage space with a capacity of 65,000 tons and 860,000 square feet of open paved storage space. A private firm maintains refrigerated storage in Khorramshahr. No separate storage space is reserved for goods in transit. Storage charges are assessed thus:

<i>Rials</i>		<i>Rials</i>	
<i>Days</i>	<i>per day</i>	<i>Days</i>	<i>per day</i>
First 30	free	151-180	12.50
31-60	5	181-210	15
61-90	6.25	211-240	17.50
91-120	7.50	241-270	20
121-150	10	271-300	25

Note: 75.75 rials=\$1.

Goods in transit are charged 75 percent of the above rates and open storage 45 percent.

Appendix C contains a list of customhouse brokers, freight forwarders, and shipping lines serving the United States and Iran.

The oil company ports of Abadan, Bandar Mashur, and Kharg Island are administered and operated by the oil consortium as integral parts of their total operations. Refined products are shipped from Abadan and Bandar Mashur while Kharg Island is a crude oil port.

Most general cargo is shipped by truck to inland points. Goods may also be shipped by rail via the Government-owned Iranian State Railways from Khorramshahr and Bandar Shahpur to Tehran and onward to Tabriz or Meshed.

In 1963, the Iranian Government established a free trade zone on several islands in the Persian Gulf including Shaikh Shuaib, Kish, and Farur. Imports of permissible commodities and all exports are free of any duties and taxes in the zone. There are currently no facilities for handling and storing cargo on these islands.

BANKING

Banking facilities developed rapidly during 1950-60. Only 5 of the 26 banks now operating were established before 1950. The remainder were founded from 1950 to 1960. In 1960, the Government stopped granting authorizations for new banks. The largest commercial bank in Iran is the publicly owned Bank Melli Iran, which was established in 1927.

Monetary and banking policy in Iran is determined by the Currency and Credit Council, an agency of the Iranian Government established in 1960. The council's membership of 15 includes the heads of several ministries, representatives of the industrial and financial community, and the Governor of the Central Bank, who acts as the chairman of the council. The Government-owned Central Bank of Iran was established in 1961. The Central Bank issues notes and coins, acts as the fiscal agent of the Government, and controls foreign exchange.

Long-term industrial loans are granted by the privately owned Industrial and Mining Development Bank—IMDBI and occasionally by commercial banks. The Government-owned Industrial Credit Bank also finances industrial projects in addition to performing some banking operations for the Plan Organization. The Government Agriculture Credit and Rural Development Bank extends credit for purchases of agricultural equipment and supplies. These banks are located in Tehran.

Foreign banking in Iran is in the form of minority participation in joint ventures except for the Russo-Iran Bank which is wholly owned by the Soviet Government. No foreign banks have branches in Iran. American banking interests are involved in two banks, the Foreign Trade Bank of Iran, in which Bank of America International has a 20-percent interest, and the IMDBI, in which Lazard Freres & Co., Chase International Investment Corporation, International Basic Economy Corporation, and The First Boston Corporation each has less than a 5-percent interest.

Appendix D contains a list of banks operating in Iran, including their ownership and their paid-in capital as of May 1965.



SUMMER DAY AT 125°: Another view of Kharg Island, the Persian Gulf, with general office of the Iranian oil operating companies in the foreground.

Economic Development

Since 1964, implementation of economic development projects has accelerated rapidly particularly in the industrial sector. In addition to the continuing emphasis on the development of agriculture, communications, and electric power, the Government seeks to broaden the industrial base of the country. Iron and steel, glass, paper, and petrochemicals are some of the important industries now being developed. Private foreign investment is encouraged in Iran but the most important source of financing for economic development is the country's oil revenue.

PLANS

Post World War II economic planning began in 1948 with the First Seven-Year Development Plan, which was based on a report by a group of American consulting firms, Overseas Consultants, Inc. The Plan Organization was established as the Government agency responsible for implementing the plan. Expenditures under the first plan totaled \$285 million and were made primarily during the first 3 years of the plan. With the nationalization of the oil industry in March 1951 and the consequent cutoff of oil revenues, progress on economic development virtually ceased.

Following the oil settlement in 1954, the Second Seven-Year Development Plan was drawn up and promulgated in 1956 for the period September 1955 to September 1962. Expenditures of \$1,170 million were principally in the areas of agriculture and irrigation, transportation and communications, industry and mines, and social improvement. In the latter stages of the second plan, the implementation of development projects slowed as a result of credit and import restrictions and a decrease in Government spending. Nevertheless, three major power and irrigation dams were built during the second plan, 3,417 miles of roads were constructed, the capacity of textile industry more than doubled, and cement making and sugar refining capacities were increased.

The primary objective of the Third Development Plan, 1962-68, is to raise national income by an average of at least 6 percent per year. There are also broad secondary objectives, such as the increase of employment, a more equitable distribution of income,

and land reform. The implementing legislation for the third plan is the Third Five-Year Development Plan Law which was approved by the Council of Ministers on September 6, 1962. Expenditures, originally budgeted at \$1.87 billion were raised to \$2.66 billion during the course of the plan.

General responsibility for drawing up, supervising, and administering the plan is vested in the Plan Organization. Actual supervision of the execution of individual projects is assigned to one of the several Government ministries or agencies.

The managing director of the Plan Organization is responsible directly to the Prime Minister. The latter is the chairman of the High Planning Council which formulates the development policy executed by the Plan Organization. The High Planning Council also must approve the allocation of funds for development projects. In addition to the Prime Minister, membership of the High Planning Council consists of the ministers of Finance and Economy, the Governor of the Central Bank, and three experienced economists.

Development plan projects are financed by oil revenues and domestic and international borrowing. The policy is to obtain international credits or loans to cover the foreign exchange costs of individual projects whenever possible. While there has been some shortfall in actual allocations, the law provides for an increasing portion of oil revenues to be allocated to the plan every year as follows, in percent of total oil revenue: 1963 (6 months), 55; 1964, 60; 1965, 65; 1966, 70; 1967, 75; and 1968, 80.

The United States and the International Bank for Reconstruction and Development—IBRD have been the principal sources of loans for development plan projects. West Germany, France, the United Kingdom, and Japan have also provided credits or loans. These credits generally require import purchases to be made in the country granting the credit or loan. Soviet bloc assistance has consisted of technical assistance and credits for machinery and equipment.

United States development loans have been for electrification, road building, port construction, and railroad construction and equipment. The IBRD has pro-

vided loans for dam construction, road building, and general development.

Funds for third plan development projects are budgeted on an annual basis (see table 20) within the framework of a total allocation for the 5½-year period of the third plan (see table 21). Expenditures for the first 2½ years of the plan were 25 percent short of the amount budgeted but are increasing rapidly. As of the year ending March 20, 1965, \$710 million had actually been expended in the third plan.

Principal areas of expenditure include irrigation, electrification, telecommunications, and road and building construction. Major outlays have also been made for land reform, agricultural credits, health campaigns against contagious diseases, and primary education.

The following analysis is intended to provide information on development projects that require significant amounts of imported materials. Further information on the status of individual projects may be obtained from the Near East-South Asia Division, Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C., 20230.

PROJECTS

The third plan includes many diverse projects. Overall economic planning is the responsibility of the Plan Organization, but the Government ministry or agency in whose area of responsibility a particular project falls usually plans and supervises the execution of that project. This includes the preparation of an initial feasibility study and tender specifications, which is often done with the assistance of a foreign consulting firm, as well as the issuance of the tender, the award of the contract, and the actual construction of the project. An exception to ministry supervision of individual projects is in Khuzistan Province where this function is the responsibility of a Provincial agency.

Agriculture.—In the agricultural sector, the overall objectives of the third plan are to increase production of the food and industrial raw materials needed to support a 6-percent growth in national income while maintaining price stability, to improve rural living standards, and to adjust the distribution of income. In contrast to the second plan, which focused to a considerable extent on large dam construction, the third plan emphasizes small irrigation projects, such as the digging of shallow and deep wells, the rehabili-



NONSCHEDULED PASSENGER AND FREIGHT: Even now in Iran alongside roads under construction, both Iranians and their baggage move by foot and pack animals just as does this Iranian woman with her goods in the Caspian Sea area.

tation of qanats (ditches), improvement of diversion dams, and the construction of small dams to store irrigation water.

Four large dams have been completed since 1961, the Karaj, Sefid Rud, Shahnaz, and Mohammed Reza Shah Pahlavi. They provide both electric power and water for irrigation. Three other dams are currently under construction, the Latiyan, the Aras, and the Qaradiz. The latter two are being built under an agreement with the U.S.S.R. which is providing financing for the purchase of machinery and equipment. French contractors are building the Latiyan Dam with a British firm as the consulting engineer.

In addition to the dams under construction, the third plan also calls for construction or planning of nine more dams as well as the development of irrigation networks connected with the Sefid Rud, Karaj, and Pahlavi dams. It is expected that the completion of these projects will bring 136,000 acres under irrigation and improve irrigation on 420,000 additional acres. Under the well-drilling program, up to 2,000 wells will be drilled adding an estimated 74,000 acres and improving irrigation on 49,000 acres of land. Other projects under the water resources development program are expected to bring 346,000 acres under ir-

rigation and to improve irrigation on an additional 642,000 acres.

The third plan also provides funds for farmers for the purchase of fertilizers, insecticides, and agricultural machinery and implements. The Government agencies administering these funds either finance a portion of the cost or subsidize the sale of these products to the farmer.

Electric Power.—Although the electrification program was a slow starter in the first years of the third plan, it is currently receiving increased emphasis. The overall objective in the development of the electrification program is to provide electric power to the major cities in anticipation of industrial growth as well as to rural areas for domestic use.

Under the third plan, 794 megawatts (MW) of electric power is scheduled to be added to the power generating capacity of the country. Of this addition, 361 MW is expected to be installed to meet requirements of both Government and private industries. This includes 39 MW of new capacity to meet the needs of the oil industry. For domestic and commercial consumption new capacity is set at 433 MW. According to the Plan Organization, the new capacity and budget allocation for generating and distribution



ISLAM IN IRAN: Mosque of the Kings in Isfahan.

equipment for the increased domestic and commercial consumption is to be divided as follows:

	Capacity (MW)	Cost (\$ millions)
Tehran	164	431.9
Eight major centers ¹	93	365.9
17 medium-sized towns.....	56	184.0
Khuzistan Province.....	65	164.6
167 small towns and rural areas....	55	255.0

¹ Tabriz, Isfahan, Meshed, Shiraz, Kerman, Hamadan, Shahi-Babol-Sari, Rasht-Pahlavi.

In the larger cities, the increased capacity will be supplied by both hydro and steam generators while in the rural areas diesel units will be used. It is esti-

mated that \$15 million in diesel generating equipment will be required during the third plan.

As of December 1965, commitments had been made under the third plan by the Iranian Government to supply power generating equipment for most of the large cities. The equipment is being supplied by United States, West German, Swiss, French, Austrian, Italian, and Japanese firms. In most instances, long-term financing is being provided by the governments of the countries where the supplying firms are located.

It is estimated that 770 miles of power transmission lines will be completed by the end of the third plan. Emphasis is being placed on lines to bring power from Khuzistan Province to Tehran and to send power



SCHOOL: In Iran, too, the school teacher makes sure his scholars learn their lessons. Major outlays for primary education are now being made in Iran under the third plan.



MOUNTAIN HIGHWAY: Iran continues to improve its highways such as this one through the Elburz Mountains between Tehran and Babol. Iran is assisted in this task by the International Bank for Reconstruction and Development, Washington, D.C.

from Tehran north to the Caspian Provinces. The largest of these projects is the 373 mile 220 or 330 kilovolt line from Khuzistan to Tehran. A feasibility study on this line is being carried out by a French firm.

Industry.—The third plan envisages expansion of existing industry as well as the development of several new industries. Gross investment to fulfill the industrial objectives of the plan is estimated at \$853 million of which 50 percent is expected to come from private sources. The foreign exchange requirement is estimated at 40 percent of the total investment.

Major new industries planned include steel, paper, wallboard, synthetic fiber, and petrochemicals. The Plan Organization estimates that \$220 million needs to be invested in these industries, with \$150 million alone for the steel industry. Expansion plans for 15 industries are summarized in table 22. Provision in the third plan is also made for the development of minerals, including coal, iron, potash, sulfur, lead, zinc, asbestos, and borax.

Communications.—A number of projects are scheduled to improve communications during the third plan. The emphasis is on roadbuilding.

A major part of the roadbuilding program is the construction of feeder roads. The objective is to construct a minimum of 11,000 miles of roads to connect villages to the major highway network. In addition, several main highways in the southeast and northeast part of the country are being constructed or improved, including the following, in miles: Nain to Kerman, 338; Kerman to Sirjan, 106; Tehran to Babol, 143; and Shahpasand to the Afghanistan border, 462.

The IBRD and five U.S. commercial banks recently have made \$40.5 million available for the highway development plan.

Under the railroad program, the Iranian State Railway is buying rolling stock and other equipment, while a Central Treaty Organization project provides for extension of the rail line from Tabriz to Ghatour on the Turkish border.

Iran's port capacity is being increased in the Southern part of the country. The port of Bandar Abbas is being enlarged under a U.S. Agency for International Development—AID loan and the port of Bandar Bushire is scheduled for rehabilitation.

Petroleum.—Development expenditures in the petroleum industry are made by the oil consortium, foreign companies operating outside the oil consortium, and the NIOC. All investments in the oil industry are legally owned by the NIOC whether or not they are undertaken or financed by the NIOC.

Oil industry investments are divided into two categories, basic (production facilities) and nonbasic (all other). The NIOC initiates and finances all nonbasic

investments. Basic investments by foreign oil companies are made on the initiative of these companies. In the case of the consortium, basic investments are financed by the consortium, with the amortization of the investment allowed as a cost in determining oil revenues payable to Iran. With respect to foreign oil companies outside the consortium, the NIOC finances 50 percent of the investment.

Under the third plan, the NIOC is allocated \$377 million for the 5½-year period. In addition to exploration, major projects include the construction of a refinery at Tehran, a pipeline from Ahwaz to Tehran, and the development of a petrochemical industry. Included in the above amount is \$122 million for ancillary services, such as housing, schools, and hospitals.

Major expenditures are being made by the oil consortium on Operation Cham. This project includes the expansion of facilities on Kharg Island for exporting crude oil and the conversion of Bandar Mashur into a products loading terminal.

With the award of new offshore concession areas in the Persian Gulf in 1965, expenditures on oil company facilities and operations are expected to increase. The following are the operating companies of the international groups which were awarded the conces-

sions: Lavan Petroleum Company—LAPCO; Iranian Offshore Petroleum Company—IROPCO; Iranian Marine International Oil Company—IMINOCO; Dashedestan Offshore Petroleum Company—DOPCO; Farsi Petroleum Company—FPC; Persian Gulf Oil Company—PERGO.

NIOC owns 50 percent of each of the operating companies; the remaining 50 percent is owned by foreign oil companies. United States oil companies participate directly in LAPCO, IROPCO, and IMINOCO.

Khuzistan Province.—The regional concept in development planning is being applied in the southwestern Province of Khuzistan. The Khuzistan Water and Power Authority—KWPA has the operational responsibility for development and is being assisted by the U.S. firm, Development and Resources Corporation of New York, N.Y.

Projects being carried out in Khuzistan during the third plan include the installation of a third turbo-generator in the Pahlavi Dam, the expanded operation of a sugarcane mill, various agricultural, irrigation, and health programs, and an engineering study for a dam on the Marun River. There are also plans for a petrochemical industry, and an iron and steel rolling mill to be located in Khuzistan Province.

Appendixes

APPENDIX A.—Ministry of Health Pharmaceutical Import License Application

Unofficial translation

Questions must be answered fully and the application must be accompanied with the required documents.

I. Specifications of medicine.

Name, formula, form (pill, powder, capsule), name and address of manufacturer or laboratory.

II. Documents, etc.

- A. Photocopy of permit given in the country of origin for the manufacturer of the product, certified by an Iranian consulate.
- B. Photocopy of permit given in the country of origin for the sale of the product, certified by the Iranian consulate.
- C. Copy of testing certificate of laboratory of manufacture, giving specifications and viscosity of product.
- D. Five samples of product.

III. Specifications of product as sold in the country of manufacture giving the name, formula, quantity of sale, packaging details, of the product.

IV. Selling price in country or origin.

- A. Manufacturer's price to wholesaler in country of origin.
- B. Wholesaler's price to pharmacies in country of origin.
- C. Pharmacies' price to consumer in country of origin.

V. Selling price in Iran.

- A. Export price
- B. Ocean freight charges (including name of port of shipment).
- C. Charges for inland freight.
- D. Insurance costs.
- E. Customs duties.
- F. Other itemized expenses.
- G. Cost price delivered warehouse in Iran.

VI. Profit (in rials).

- A. Profit for importer.
- B. Selling price to wholesaler (in Iran).
- C. Anticipated profit to wholesaler (in Iran).
- D. Purchasing price of pharmacy (in Iran).
- E. Profit allowed for pharmacy (in Iran).
- F. Selling price of pharmacy to consumer (in Iran).

VII. The date of validity of guarantee. This date shall be printed clearly on each package with fast, colored ink.

VIII. Anticipated minimum consumption in 12 months from date of customs clearance.

Notes

1. In the event the product is not imported within a maximum period of 6 months, the import license shall be null and void.
2. In the event the rate of sale does not reach at least 75 percent of the anticipated volume 12 months after customs clearance, the Ministry of Health may cancel the import license.
3. Any change in the specifications of the product for which the import license has been issued shall be subject to the prior approval of the Ministry of Health.
4. If the specifications do not conform with the actual specifications of the product, the importer shall be considered responsible and the import license shall be canceled in accordance with regulations, and actions shall be taken in accordance with the law.
5. The importer shall be required to demand a photocopy of the test results carried out on the shipments and four samples of each series of medicines. The importer shall submit the test certificate and samples to the Ministry of Health for clearance.

APPENDIX A, Concluded

6. Air freight shipment in exceptional cases may be agreed upon by the Ministry of Health.

Certification: This information was compiled from available documents and is confirmed.

Signature: Name of manager of importing company.

Signature: Name of technically responsible official.

APPENDIX B.—Principal Government

Purchasing Entities

Sherkat Sahami Moamelat Khareji (Foreign Transactions Company) Shah Reza Avenue, Alborz Street, Tehran, Iran.

Iranian Tobacco Monopoly, Qazvin Avenue, Tehran, Iran.

Supply Department, Plan Organization, 123 Kuche Ramsar, Avenue Shah Reza, Tehran, Iran.

Iranian State Railways, Purchasing Department Meidane Rahe-Aban, Tehran, Iran.

Sazemane Zowbe Ahan Iran (Iran Steel Mill Organization), 35 Forsat Avenue, Tehran, Iran.

Edareh Kol Gomrokat (Customs Department), Ministry of Economy, Davar Avenue, Tehran, Iran.

Bongahe Machinalate Keshavarzi (Farm Machinery Bongah), Taghinia Building, Saadi Avenue, Tehran, Iran.

Sazemane Dam Pezeshki (Veterinary Organization), Takhte-Jamshid Avenue, Opposite Takhte-Jamshid Cinema, Tehran, Iran.

Sazemane Damparvari (Livestock Organization), Takhte-Jamshid Avenue, Opposite Takhte-Jamshid Cinema, Tehran, Iran.

Sazemane Jangalbani Iran (Iran Forestry Organization), Zahedi Avenue, Tehran, Iran.

Institut Pasteur (Pasteur Institute), Avenue Pasteur, Tehran, Iran.

Sazemane Tchay (Tea Organization), Ministry of Finance, Avenue Ark, Tehran, Iran.

Bongahe Mostaghel Abyari (Irrigation Bongah), Shah Reza Avenue, Farvardin, Tehran, Iran.

Bongahe Shimyayi (Chemical Bongah), Ebtehaj Avenue, 30 Dameshgh Street, Tehran, Iran.

Edareh Ghalleh Va Nan (Cereals and Bread Department), Avenue Davar, Kakhe Vezarate, Eghtestad, Tehran, Iran.

Bongahe Darouie Kole Keshvar (National Pharmaceutical Bongah), Maydan 24 Esfand, Avenue Seametri, Tehran, Iran.

Sazemane Ab Tehran (Tehran Water Board), Karaj Boulevard, Maykadeh Avenue, P.O. Box No. 5, Tehran, Iran.

Edareh Taslilate Artesh (Army Armament Department), Maydane, Jaleh, Tehran, Iran.

Edareh Mohandessi Artesh (Army Engineering Office), Avenue Parse, Tehran, Iran.

Edareh Tadarokate Artesh (Army Supply Department), Sepah Avenue, Tehran, Iran.

Edareh Sar-Reshtedari Artesh (Quartermaster's Department), Procurement Section, Imperial Iranian Army, Forsat Avenue, Tehran, Iran.

The Ordnance Department, Imperial Iranian Army, Abbas-Abad Avenue, Tehran, Iran.

The Supply Department, Imperial Iranian Army, Dorahe Yousefabad, Tehran, Iran.

Navy Ordnance, Imperial Iranian Army, Dorahe Yousefabad, Tehran, Iran.

The Imperial Iranian Gendarmerie, Ordnance Section, Pahlavi Avenue North of Vanak, Crossroad, Tehran, Iran.

Office of Signal Department, Imperial Iranian Army, Jamshidieh District, Tehran, Iran.

APPENDIX C.—Commercial Facilities

Steamship Lines serving Iran and the United States

Admiralty Lines

Barber Middle East Line

Central Gulf Lines

Concordia Line

Constellation Line

Hansa Lines

Hellenic Lines, Ltd.

Isthmian Lines

Nedlloyd Lines

Orient Mid-East Great Lakes Services

Nedlloyd and Hoe

Customhouse Brokers and Freight Forwarders

Skyways Travel Ltd.

Ferdowsi Avenue, No. 139

Tehran

Asia Travel Agency

Villa Avenue

Tehran

APPENDIX C, Continued

Gray MacKenzie and Co., Ltd.
Ferdowsi Avenue
Amini Building
Tehran

Cargo and Shipping S.A.
168 Saadi Avenue
Vahabzadeh Building
Tehran

Sea Man Pak Company, Ltd.
Takhte Jamshid Avenue, No. 449
c/o Gulf Agency Ltd.
Tehran

Perse Express S.A.
Saadi Avenue, Nemazi Building
Tehran

Levant Express S.A.
Saadi Avenue
Tehran

Persian Shipping Services
114, Ferdowsi Avenue
Tehran

Iranian Shipping and General Agencies
75 Ferdowsi Avenue
Tehran

Iran Cargo V.A.S.A.
Amir Kabir Avenue, Roudiani Bldg.
Tehran

Satti Company, Ltd.
95 Roosevelt Avenue
Tehran

Gulf Travel Agency, Ltd.
No. 499 Bahar & Takhte Jamshid Crossroad
Tehran

Iran-Turkey Transit Company
Villa Avenue, No. 72
Tehran

Levan-Tour Company
Maydan Ferdowsi
Tehran

Ir-Tuk Company
No. 71 Avenue Ferdowsi
Tehran

APPENDIX D.—Banks Operating in Iran as of May 1965

Iranian Name	Name in English	Year Established	Ownership	Paid-in Capital (Millions of dollars)
Bank Russo-Iran	The Russo-Iran Bank	1923	Soviet Govt.	13.2
Bank Sepah	Army Bank	1925	Public	90.4
Bank Melli Iran	The National Bank of Iran	1927	Public	264.0
Bank Etebarate Keshavarzi va Omrane Rustai Iran	The Agricultural Credit & Rural Development Bank of Iran	1933	Public	1,089.1
Bank Rahni Iran	The Mortgage Bank of Iran	1939	Public	419.8
Bank Bazargani Iran	The Commercial Bank of Iran	1950	Private	33.0
Bank Omran va Tavon Roustai	The Bank of Development and Rural Cooperatives	1951	Private	6.6
Bank Tehran	The Bank of Tehran	1952	Private ¹	19.8
Bank Bimeh Bazarganar	The Merchants' Insurance Bank	1952	Private	17.4
Bank Saderat Iran	The Export Bank of Iran	1952	Private	42.9
Bank Pars	The Pars Bank	1953	Private	26.4
Bank Etebarate Sanati	The Industrial Credit Bank	1956	Public	152.1
Bank Asnaf Iran	The Guilds Bank of Iran	1958	Private	6.6
Bank Etebarate Iran	The Iran Credit Bank	1958	Private ¹	26.4
Bank Kar	The Labor Bank	1958	Private	24.8
Bank Bimeh Iran	The Insurance Bank of Iran	1958	Public	52.8
Bank Irano-Englis	The Irano British Bank	1959	Private ¹	26.4
Bank Tejarati Irano-Holland	The Mercantile Bank of Iran and Holland	1959	Private ¹	6.6
Bank Etebarat Taavoni Towzi	The Distributors' Cooperative Credit Bank ²	1959	Private ¹	6.6
Bank Iran va Khavar-Mianeh	The Bank of Iran and the Middle East	1959	Private ¹	33.0
Bank Tejarate Khareji Iran	The Foreign Trade Bank of Iran	1959	Mixed Public- Private ³	36.3
Bank Bainolmelali Iran va Japan	The International Bank of Iran and Japan	1959	Private ¹	13.2
Bank Towseh Sanati va Madani Iran	The Industrial and Mining Development Bank of Iran	1959	Private ¹	52.8
Bank Iranian	The Iranians' Bank	1960	Private	10.6
Bank Markazi Iran	The Central Bank of Iran	1961	Public	47.5
Bank Refah Kargaran	The Laborers' Welfare Bank	1961	Public	52.8

¹ Include foreign shareholders up to 49 percent of the total capital.

² Formerly the Bank of Iran and the West.

³ The private interest is entirely foreign banking interests; the public interest is Bank Melli Iran which has a controlling 51 percent share.

Source: United States Embassy, Tehran, Iran.

APPENDIX E.—Notes to Business Travelers

A valid passport, visa, and certificate of vaccination against smallpox are required for entry into Iran. Visas are gratis for American citizens.

For a business or a transit visa, three application forms, three photographs, a valid passport, and a letter of introduction from a traveler's company explaining the purpose of his trip are required. Visas are issued for a 12-month period permitting multiple entries, each visit not to exceed 3 months, unless special permission is granted. Iranian visas may be obtained from the Consulates General of Iran in New York or San Francisco, or from the Embassy of Iran in Washington. Tourist visas may be obtained at airports upon arrival in Iran.

Smallpox vaccination certificates should be signed by a doctor and be on an acceptable international form. In addition, the U.S. Public Health Service recommends that foreign travelers get typhoid and paratyphoid fever and tetanus inoculations. Complete information may be found in *Immunization Information for International Travel*, Public Health Service Publication No. 394, obtainable for 35 cents from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

At the time of entry, all persons are required to declare the amount of foreign exchange in their possession—whether in the form of currency, traveler's checks, or other negotiable financial instruments. There is, however, no limit as to the amount of United States or other foreign exchange which may be taken into Iran. The amount and kind of foreign exchange declared is immediately entered on the traveler's passport. Declared currency and checks may be sold only to an authorized bank at the bank's buying rate. Upon leaving Iran, the traveler must show receipts from this bank, giving the amount of foreign money cashed. The total of this amount, subtracted from the original sum taken into Iran, must tally with the amount actually on hand. If there is any discrepancy, visitors will be liable to very stiff fines, payable before departure is permitted.

Used personal effects are exempted from customs duties and taxes when they are brought in for the use of the traveler. Alcoholic beverages, except medicines containing alcohol and one opened bottle of alcoholic beverage, may not be taken into Iran.

The Iranian Government is represented in the United States by the Embassy of Iran, 3005 Massachusetts Avenue, Washington, D.C., the Iranian Economic Mission, 2233 Wisconsin Avenue, N.W., Washington, D.C., the Consulate General of Iran, 30 Rockefeller Plaza, New York, New York, and the Consulate Gen-

eral of Iran, 3400 Washington Street, San Francisco, California.

The United States is represented in Iran by an Embassy in Tehran and Consulates in Isfahan, Korumshahr, Meshed, and Tabriz. The Office of the Commercial Attache is located in the Embassy at 260 Ave, Takhte Jamshid, telephone 60511 or 60711.

The principal unit of currency is the rial which has a par value of Rls 75.75=\$1. There are 100 dinars in one rial. Ten rials equal one toman, a unit businessmen often use in quoting prices.

The Iranian year is based on the solar calendar of Hejira, which begins on the spring equinox (March 21). The year has 365 days and 12 months. The first six months have 31 days, the next five have 30 days, and the last month has 29 days or 30 days in leap years. The solar year 1343 corresponds to the period March 21, 1964, to March 20, 1965, while the year 1344 began on March 21, 1965, and ends on March 20, 1966.

Friday is the Moslem day of rest and all businesses are closed. There also are six national holidays when all businesses are closed.

Now Ruz (New Year) holiday—March 21-25
Thirteenth day of Now Ruz—April 2
Constitution Day—August 5
National Uprising Day—August 19
Birthday of the Shah—October 26
Azerbaijan Liberation Day—December 12

There are an additional 38 holidays or days of mourning when some or all businesses may be closed. These holidays often vary from year to year. Business activity also slackens during Ramadan, a month of fasting for Moslems. Business travelers should check holidays before scheduling a trip.

In winter, business hours are from 9:00 a.m. to sundown, and Government and bank office hours from 8:00 a.m. to 2:00 p.m. In summer, businesses are closed from noon to 4:00 p.m. and Government offices and banks are open from 7:00 a.m. to 1:00 p.m. The office hours of the American Embassy are from 8:00 a.m. to 4:30 p.m. Monday through Thursday and on Saturday.

Air transport is available to the larger cities in Iran via Iranair. There are daily flights from Tehran to Tabriz, Meshed, Shiraz, and Khorramshahr. Pan American has daily flights to and from Tehran.

Taxis are available in the larger cities. The service is unmetered so the fare should be established in advance. In June 1965 the taxi fare in Tehran was set at Rls 10 for trips within the city. Additional passengers are charged Rls 5 per passenger.

APPENDIX F.—Bibliography

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REFUELING: One of the junctions of the National Iranian Oil Company is the distribution within Iran of petroleum products.

Tables

Table 1.—Imports, Total and by Principal Items or Groups, 1965¹
[Millions of dollars]

Item or group	Value	Percentage
Total	749,615	100.0
Machinery and parts	119.9	16.0
Iron and steel	79.6	10.6
Pharmaceuticals and chemical materials	63.1	8.4
Sugar	59.6	8.0
Electrical machinery	40.2	5.4
Passenger cars	22.4	3.0
Paper, cardboard and related products	18.8	2.5
Oleaginous products	18.5	2.5
Tanning and dyeing extracts	14.9	2.0
Truck chassis	14.7	2.0
Woolen and downy textiles	12.7	1.7
Tires	12.5	1.7
Tea	10.0	1.3
Motor vehicle parts and accessories	8.7	1.2
Glass and glassware	6.4	.9
Trucks	5.9	.8
Synthetic fiber fabrics	3.0	.4
Other	238.6	31.8

¹ Year ending March 20.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1343*, Tehran, Iran.

Table 2.—Imports, Total and by Principal Countries of Origin, 1963-65¹
[Thousands of dollars]

Country	1963	1964	1965
Total	553,157	518,521	749,615
West Germany	98,089	107,633	144,078
United States	103,673	82,064	131,142
United Kingdom	102,722	75,728	102,485
Japan	30,373	37,369	47,639
France	24,209	29,093	37,514
Italy	31,112	22,427	31,139
U.S.S.R.	14,243	24,182	22,612
Australia	6,112	5,570	22,295
Netherlands	28,274	16,487	20,777
Taiwan (Formosa)	4,950	8,131	20,011
Other countries	109,400	109,837	169,923

¹ Years ending March 20.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

PREPARATION OF FOOD: Both the husking and sifting of rice is done by hand in a caravanserai. Automation has a long way to go in Iran to displace this man sifting rice.



Table 3.—Imports of Selected Animal and Vegetable Items, 1963-65¹

[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Chickens	370	578	574	5	(²)	3	Netherlands, Israel
Milk, powdered	2,437	1,992	2,768	1,018	644	1,045	United States, Netherlands
Butter	832	1,364	2,707	11	244	1,199	United States
Tea, black	9,868	10,048	9,959	4	(²)	(²)	India, Ceylon
Wheat	2,337	5,106	38,717	1,492	2,573	10,930	United States, France
Flour, wheat	12,982	6,593	2,558	8,325	3,474	1,887	United States
Oils, animal	1,860	2,418	2,949	1,798	2,367	2,709	United States
Soybean oil, raw	(³)	3,061	8,661	(²)	3,057	8,659	United States
Candy sugar	2,779	4,620	7,202	5	(²)	(²)	U.S.S.R., Belgium
Sugar, white granulated	8,185	24,230	46,156	1	9	9	Turkey, U.S.S.R.
Sugar, yellow granulated	4,987	1,332	6,221	(²)	(²)	376	Hungary
Meat, beef, veal, mutton, lamb, fresh, chilled, frozen	203	95	263	5	3	(²)	Australia

¹ Years ending March 20. ² Negligible or none. ³ Data not available.Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.Table 4.—Imports of Principal Pulp, Paper, and Paper Items, 1963-65¹

[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Cardboard	252	125	876	50	(²)	(²)	Greece, West Germany
Wrapping paper	2,516	2,013	2,887	869	656	1,415	United States
Newsprint	1,507	1,109	1,254	116	21	(²)	U.S.S.R., Austria, Finland
Paper in rolls or sheets, n.e.s. ⁴	3,102	4,609	5,592	12	36	55	Japan, Finland
Paper, glassed or gummed	465	750	768	36	26	40	United Kingdom
Hardboard fiber sheets	(²)	1,100	1,711	(²)	(²)	3	Sweden, West Germany, Austria
Bags, cement	752	768	1,566	(²)	3	(²)	Austria, Finland
Books	445	2,285	424	297	2,127	112	United Kingdom, United States, Japan

¹ Years ending March 20. ² Negligible or none. ³ Data not available. ⁴ Not elsewhere specified.Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.Table 5.—Imports of Principal Chemical and Pharmaceutical Items, 1963-65¹

[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Soda, caustic	1,185	611	1,142	13	5	16	United Kingdom
Plastics, thermosetting, cellulose, acetate, viscose, in irregular shapes	331	519	1,196	73	41	111	West Germany, Italy
Plastics, thermosetting, cellulose, acetate, viscose, in sheets	268	590	566	4	44	40	Belgium
Plastics, phenol, urea, phthalic acid, in irregular shapes	1,716	2,921	4,551	491	372	841	United Kingdom, Italy, United States
DDT powder	367	457	1,014	209	348	824	United States
Disinfectants, insecticides, n.e.s. ²	1,166	1,859	2,139	114	512	556	West Germany, United States
Chemical compounds, n.e.s. ²	13,296	6,442	10,902	672	491	851	United Kingdom
Resins, synthetic	496	895	2,087	37	41	440	West Germany
Antibiotics	6,853	7,462	8,065	2,578	2,798	2,897	United States, Italy
Patent medicines	11,318	17,398	22,844	1,819	2,856	3,548	Switzerland, West Germany
Dosed medicines	6,687	1,401	780	1,101	125	42	United Kingdom
Dyes, vat	1,449	2,490	3,824	12	16	18	West Germany, Switzerland
Dyes, direct and chromium	1,583	1,408	1,980	18	13	3	Switzerland
Dyes, sulfur	201	892	1,245	5	7	16	West Germany
Fertilizer, nitrogenous	467	634	348	(³)	(²)	(²)	West Germany
Fertilizer, phosphatic	1,394	1,628	1,645	(²)	(²)	553	Italy, United States
Fertilizer, nitrogenous, phosphatic, potassium	661	1,445	1,707	4	3	(²)	West Germany

¹ Years ending March 20. ² Not elsewhere specified. ³ Negligible or none.Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 6.—Imports of Principal Textile Items (Raw and Semi-finished), 1963-65¹
(Thousands of dollars)

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Silk thread, artificial	7,375	7,381	13,958	824	884	788	West Germany, Italy
Textile fibers, artificial	10,246	11,760	19,338	104	82	77	Japan, West Germany, Italy
Waste thread	289	2,290	1,295	(²)	44	236	West Germany
Silk fabrics, artificial	8,650	5,626	1,675	292	216	58	Japan
Wool, scoured and bleached	2,932	3,201	3,390	(²)	(²)	(²)	Australia
Wool, hair, carded and combed	859	1,199	1,719	3	(²)	(²)	United Kingdom
Yarn, fine	1,463	1,410	1,350	(²)	4	(²)	Taiwan (Formosa)
Wool yarn, mixed	1,995	2,292	3,218	9	9	12	Taiwan (Formosa), Japan
Wool yarn, for retail sale	2,702	2,016	1,989	(²)	(²)	(²)	Taiwan (Formosa)
Wool fabrics, light	1,239	1,898	2,655	4	16	15	United Kingdom, Japan
Wool fabrics, medium	4,645	4,793	7,016	3	3	4	Japan, United Kingdom
Wool fabrics, heavy	2,412	1,657	1,913	(²)	41	25	United Kingdom, Japan
Jute bags	426	(²)	1,107	(²)	(²)	(²)	India

¹ Years ending March 20. ² Negligible or none. ³ Data not available.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 7.—Imports of Principal Items of Textile Machinery, 1963-65¹
(Thousands of dollars)

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Machinery, material processing	92	59	178	(²)	(²)	(²)	West Germany, Poland
Machinery, spinning, doubling	269	458	636	(²)	(²)	(²)	United Kingdom
Machinery, winding	29	98	389	(²)	(²)	(²)	United Kingdom
Parts, textile material processing, spinning, doubling, and winding machinery	275	473	400	182	(²)	(²)	United Kingdom
Looms, cloth weaving	581	541	1,123	(²)	(²)	(²)	West Germany, Belgium
Mills, hosiery	168	568	1,166	9	(²)	33	West Germany
Machinery, ancillary weaving	125	183	665	3	(²)	(²)	Switzerland, West Germany
Machinery, starching, finishing	220	496	878	13	(²)	(²)	West Germany
Parts, starching, finishing machinery	264	371	569	4	9	48	West Germany
Machines, sewing	1,451	2,471	2,608	28	33	21	Japan, Italy
Machinery, carding and combing	28	65	150	(²)	(²)	(²)	United Kingdom
Equipment, parts, spinning and weaving machinery	1,039	1,274	1,773	82	107	83	West Germany
Shuttles, weaving	77	173	195	(²)	(²)	(²)	West Germany
Needles, weaving	69	137	164	(²)	(²)	(²)	West Germany

¹ Years ending March 20. ² Negligible or none.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 8.—Imports of Principal Glass and Ceramic Items, 1963-65¹
(Thousands of dollars)

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Bricks, fireproof	698	206	644	94	65	117	United Kingdom, West Germany
Sanitary fittings, ceramic	585	568	801	(²)	16	22	United Kingdom
China ware, household, toilet	2,021	2,900	2,582	(²)	7	(²)	Japan
Glass, sheets	1,580	1,191	1,713	(²)	(²)	(²)	Japan, Belgium
Safety glass, motorcar	164	285	318	92	99	107	West Germany
Bottles, glass	103	70	447	11	(²)	70	France
Glasses, drinking	339	246	451	11	(²)	(²)	Italy
Glassware, pressed and blown	553	491	448	189	203	297	France
Vacuum flasks	226	536	589	12	(²)	(²)	Japan
Glass, spun	67	141	356	25	75	227	United States

¹ Years ending March 20. ² Negligible or none.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 9.—Imports of Principal Iron and Steel Items, 1963-65¹
[Thousands of dollars]

	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Bars, rod, strip	2,219	3,164	3,714	65	65	304	Taiwan (Formosa), West Germany
Beams	11,031	9,658	16,410	8	37	8	West Germany
Angles	3,326	4,063	2,536	(²)	(²)	4	Taiwan (Formosa), West Germany
Rounds, half rounds	764	1,018	1,114	(²)	(²)	112	Taiwan (Formosa)
Channels	(²)	1,234	920	(²)	(²)	(²)	West Germany
Wire, 5-10 millimeters diameter	2,519	2,383	2,776	57	(²)	30	West Germany
Sheets and plates, semifinished	4,142	2,483	3,464	13	110	116	United Kingdom
Sheets and plates, finished	3,895	4,413	6,707	74	21	73	United Kingdom, West Germany
Sheets, galvanized, lead coated	3,567	3,164	4,551	417	33	79	Japan
Tinplate	2,008	2,146	2,850	771	516	288	West Germany
Hoops	447	516	632	4	(²)	15	West Germany
Pipe, uncoated	12,791	9,390	21,152	791	991	924	West Germany, Japan
Pipe, metal coated, varnished, enameled	2,152	3,542	3,886	7	34	12	France, Italy, United Kingdom
Joints, flanges	2,582	993	1,373	318	98	145	United Kingdom

¹ Years ending March 20. ² Negligible or none. ³ Data not available.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 10.—Imports of Principal Copper and Aluminum Items, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Copper							
Ingots	253	775	323	(²)	7	(²)	Rhodesia
Rods (more than 5 millimeters diameter)	366	354	570	28	67	100	West Germany
Plates and sheets	2,171	1,395	1,633	18	(²)	4	Yugoslavia
Tubing	474	220	601	51	48	197	United States, West Germany
Wire cable	1,646	461	289	96	(²)	44	West Germany
Shavings, filings, waste	535	519	364	(²)	(²)	(²)	Iraq
Aluminum							
Ingots	1,007	978	1,896	173	267	865	United States
Bars, unfinished	94	79	95	51	42	73	United States
Plates	243	148	367	5	(²)	(²)	Yugoslavia
Sheets, with paper lining	529	548	597	24	(²)	45	West Germany
Sheets, without paper lining	124	107	156	25	4	(²)	Israel
Shavings, filings, waste	61	77	124	(²)	(²)	13	Kuwait

¹ Years ending March 20. ² Negligible or none.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 11.—Imports of Principal Items of Agricultural Equipment, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Cultivators	742	1,398	3,064	290	15	392	Japan
Machines, ground preparation and cultivating, n.e.s. ²	520	628	833	153	219	193	United Kingdom
Parts, n.e.s.	787	400	1,044	112	28	106	United Kingdom, West Germany
Mowers	437	(³)	1,251	434	(³)	921	United States
Combine harvesters	1,110	(³)	393	454	(³)	198	United States, Japan
Threshers	116	(³)	301	73	(³)	7	Japan
Machines, grain sorting	590	20	314	544	(³)	309	United States
Fruit and seed dryers, cleaners, graders	98	32	553	96	5	136	West Germany
Machinery, grain grinding and flour mill	714	523	737	(³)	(³)	4	Denmark, West Germany
Machinery, grain husking	(⁴)	111	197	(⁴)	9	(⁴)	Japan
Parts, flour milling, grain grinding, husking machinery	(⁴)	162	1,461	(⁴)	(³)	(⁴)	West Germany
Tractors, agricultural	6,308	5,234	13,455	2,013	1,254	4,576	United States, United Kingdom, West Germany
Sprayers, agricultural	207	721	257	5	12	22	West Germany

¹ Years ending March 20. ² Not elsewhere specified. ³ Negligible or none. ⁴ Data not available.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 12.—Imports of Principal Items of Pumping Equipment, 1963-65¹

(Thousands of dollars)

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Pumps, petrol	469	20	166	18	(²)	86	United States, United Kingdom
Parts	513	345	622	91	73	132	United Kingdom, United States
Pumps, deep well	3,105	1,638	2,028	1,588	1,174	1,467	United States
Well casings	1,646	1,113	1,828	116	91	20	Hungary
Pumps, with suction pump diameter more than 3 inches (excluding deep well)	4,435	4,155	5,371	302	602	298	United Kingdom
Pump parts	1,139	884	607	389	449	327	United Kingdom
Pumps, hand	91	66	84	(²)	(²)	9	West Germany
Pumps, n.e.s.	896	63	572	91	(²)	82	United Kingdom, West Germany
Pumps, parts, n.e.s.	366	215	451	34	37	157	United States, United Kingdom
Compressors, air and gas	634	519	1,102	195	49	263	United States
Compressors, freezer	(³)	(³)	218	(³)	(³)	32	Sweden

¹ Years ending March 20. ² Negligible or none. ³ Data not available.Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.Table 13.—Imports of Principal Items of Electrical Equipment, 1963-65¹

(Thousands of dollars)

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Dynamos, alternators	3,873	2,554	2,571	120	378	491	West Germany, United Kingdom
Motors, electric	710	855	932	16	94	96	United Kingdom, West Germany
Transformers, not exceeding 2 kilowatts capacity	510	133	173	26	8	18	Hong Kong
Transformers, 2 kilowatt capacity and over	1,316	1,210	1,019	150	36	137	West Germany
Parts, dynamos, alternators, electric motors, transformers, converters, rectifiers	2,051	953	726	434	92	112	West Germany
Batteries, wet	90	32	77	(²)	(²)	(²)	United Kingdom
Batteries, dry	1,280	1,604	1,621	91	12	67	United Kingdom, Japan
Batteries, storage, ordinary	1,382	1,397	1,719	63	38	28	West Germany
Accumulators, electric, stationary	(³)	(³)	104	(³)	(³)	(³)	West Germany
Current measuring and registering equipment	165	147	351	30	13	83	West Germany
Electric meters	1,053	642	702	(²)	(²)	9	West Germany, Switzerland
Wire, electric, and outer cover of lead or other metal	1,583	2,090	2,867	8	87	1	West Germany, Yugoslavia
Wire, electric, with outer cover of paper, cotton or other textile, steel wire	639	337	232	8	16	(²)	United Kingdom
Wire, electric, with outer cover of varnish, rubber, silk, or material, n.e.s. ⁴	2,354	2,008	3,594	45	25	34	West Germany, United Kingdom
Switches, plugs, tee-boxes, sockets, bell buttons, etc., excluding high amperage equipment	(³)	(³)	432	(³)	(³)	26	United Kingdom
Parts, electric appliance and machinery, n.e.s. ⁴	5,820	3,481	3,074	1,818	583	655	West Germany, United Kingdom
Fans, electric, exceeding 15 kilograms by weight	210	259	226	3	(²)	3	Hong Kong
Equipment, safety, control and distribution, switchgear	500	232	549	242	5	40	West Germany

¹ Years ending March 20. ² Negligible or none. ³ Data not available. ⁴ Not elsewhere specified.Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

CRYSTAL: Glassware is distributed through stalls such as this one in the Tehran bazaar.



Table 14.—Imports of Principal Items of Radio, Television and Telephone Equipment, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Radio receiving sets	1,332	228	315	29	38	37	Kuwait
Television receiving sets	102	8	20	13	3	3	Kuwait
Record players	88	12	77	(²)	(²)	(²)	France
Radio receiver parts	1,024	2,237	3,828	147	273	655	Netherlands, France, West Germany, United States
Loudspeakers, microphones	51	48	104	9	3	24	Japan, West Germany
Tubes, radio	3	4	140	(²)	27	13	Netherlands
Transmitters, radio	(²)	51	28	(²)	20	15	United States
Radio and television transmitter parts	(²)	603	612	(²)	(²)	359	United States
Tape recorders	389	360	295	25	129	46	West Germany
Telephone apparatus	399	92	331	1	1	(²)	West Germany
Telephone apparatus, parts	2,434	1,323	3,483	416	11	50	West Germany

¹ Years ending March 20. ² Negligible or none. ³ Data not available.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 15.—Imports of Principal Items of Refrigeration Equipment, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Refrigerators, electric	744	58	218	286	32	17	France, United Kingdom
Refrigerators, nonelectric	33	46	135	5	(²)	(²)	Sweden
Deep freezers	147	176	309	15	106	227	United States
Air conditioners	387	510	1,315	48	284	944	United States
Refrigerator, deep freezer, parts	578	1,093	1,217	282	187	275	United States
Industrial refrigerating equipment	190	112	154	78	103	136	Denmark, United Kingdom
Icemaking plants	157	225	87	42	18	8	United States
Refrigerating equipment, n.e.s. ³	273	144	490	164	103	317	United States
Parts, n.e.s.	426	79	185	66	11	58	United Kingdom, United States

¹ Years ending March 20. ² Negligible or none. ³ Not elsewhere specified.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 16.—Imports of Principal Items of Office Machinery, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Typewriters	269	256	469	3	(²)	13	West Germany
Accounting machines		253	376		102	201	United States
Calculating machines	730	236	453	286	5	30	Sweden
Cash registers		30	70		(²)	1	West Germany
Accounting, calculating machine, cash register parts	354	63	264	41	21	48	France
Duplicating machines	87	162	193	1	18	13	United Kingdom
Office equipment, n.e.s. ³	178	82	125	50	34	16	West Germany

¹ Years ending March 20. ² Negligible or none. ³ Not elsewhere specified.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

STATION STOP: In northern Iran, railroads connect Tehran with Meshed and the U.S.S.R. via Tabriz.



Table 17.—Imports of Principal Items of Handtools, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Spades, shovels, hoes	255	333	395	(²)	(²)	(²)	Japan
Scythes	80	133	191	(²)	(²)	(²)	Austria
Vices, clamps	115	107	168	198	11	24	West Germany
Pliers, wrenches, chisels	363	182	207	54	24	20	West Germany
Wrenches	173	176	280	28	44	57	West Germany
Files, rasps	71	125	162	4	(²)	33	Netherlands
Saws, circular and straight	210	195	239	73	63	51	United States, United Kingdom
Drills, chisels	240	173	286	13	5	9	United Kingdom, Sweden
Cutting tools, other	11	161	280	3	8	21	United Kingdom

¹ Years ending March 20. ² Negligible or none.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 18.—Imports of Motor Vehicles and Parts, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Cars, passenger (not over \$1,320 landed value) ..	1,753	4,213	7,611	616	57	1,147	West Germany
Cars, passenger (not over \$2,640 landed value) ..	2,645	7,492	13,915	1,151	2,540	6,512	United States, West Germany
Cars, passenger (not over \$3,960 landed value) ..	267	807	664	129	648	564	United States
Cars, passenger (over \$3,960 landed value)	317	261	227	264	73	201	United States
Motor coaches	379	238	1,502	59	29	766	United States, West Germany
Motor buses	667	414	194	49	296	(²)	United Kingdom
Road tankers	343	428	91	57	22	79	United States
Trucks	2,314	249	1,209	997	94	714	United States, United Kingdom
Vanettes	(³)	1,444	3,526	(³)	1,257	2,742	United States
Trucks, with automatic unloading apparatus	(³)	88	766	(³)	(²)	59	West Germany, United Kingdom
Trucks, three-wheel	412	86	279	(³)	(²)	(²)	Japan
Chassis, truck, with driver's cab fitted	3,012	3,919	8,456	1,049	437	1,261	West Germany, United Kingdom
Chassis, truck, without driver's cab fitted	775	2,756	5,974	48	37	246	West Germany
Parts, passenger car	260	556	228	40	309	54	West Germany
Parts, bus, truck	8,704	7,536	8,699	5,016	3,924	3,722	United States, United States
Parts, tractor	1,147	1,445	2,505	598	673	1,424	United States
Motorcycles	286	524	1,143	13	69	9	Japan
Parts, motorcycles	112	157	284	(²)	20	4	West Germany

¹ Years ending March 20. ² Negligible or none. ³ Data not available.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 19.—Imports of Principal Rubber Items, 1963-65¹
[Thousands of dollars]

Item	Imports, total			Imports from the United States			Principal suppliers, 1965
	1963	1964	1965	1963	1964	1965	
Rubber, raw	2,526	2,940	3,794	516	645	973	Malaysia, United States
Tubing, rubber	663	417	713	21	18	46	United Kingdom
Beltting, rubber conveyor	432	566	557	48	69	91	Japan
Valves, discs, joints	365	961	853	199	400	186	West Germany
Tires, cycle	678	758	653	3	(²)	(²)	United Kingdom, Japan
Tires, passenger car	2,536	2,031	1,267	477	304	77	Japan, United Kingdom
Tires, truck	10,010	9,458	7,780	4,278	2,424	1,790	Japan, United States
Tires, tractor	488	828	989	224	400	348	United States, West Germany
Tubes, truck tire	684	849	946	248	168	156	Japan, United Kingdom, United States

¹ Years ending March 20. ² Negligible or none.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1341-1343*, Tehran, Iran.

Table 20.—Plan Organization Program Budgets, 1963-66¹

[Thousands of dollars]

Sector	1963 ²	1964	1965	1966
Total	132,000	322,080	429,000	594,000
Agriculture	43,270	97,469	114,540	120,120
Irrigation	12,606	46,794	39,600	64,944
Land reform	4,237	10,098	17,160	21,780
Agricultural credit	6,892	17,160	20,460	11,880
Improvement of products and distribution	1,558	4,356	11,880	3,960
Other	18,177	19,061	25,740	17,556
Industry and mines	3,828	11,194	46,200	91,080
Investment in Government industries	264	779	8,976	11,484
Investment in new Government enterprises	2,218	2,482	13,200	36,960
Long-term credit to private industry and banks	—	5,940	19,074	39,204
Other	1,346	1,993	4,950	3,432
Power and fuel	2,442	31,231	33,000	137,280
Electricity for large cities	330	9,610	23,760	66,000
Electricity for medium-sized cities	(*)	792	3,300	7,260
Electricity for small towns	1,584	1,056	2,376	1,848
Administration and research	528	1,294	3,564	528
Petroleum	(*)	18,479	(*)	61,644
Transportation and communications	44,035	89,034	125,400	142,692
Roads	35,812	57,248	82,500	91,714
Railroads	1,980	7,220	6,600	13,200
Ports	1,980	5,742	10,560	14,520
Airports	2,376	5,478	3,960	7,260
Telecommunications	1,320	11,748	19,404	16,840
Other	567	1,598	2,376	158
Education	9,768	26,664	27,720	14,850
Primary	5,148	13,992	16,500	3,036
University	2,970	7,432	6,402	7,920
Other	1,650	5,240	4,818	3,894
Health	9,029	20,552	26,400	17,160
Equipment and facilities	2,468	6,600	11,880	9,240
Communicable diseases	5,438	10,956	12,012	7,814
Other	1,123	2,996	2,508	106
Manpower	3,736	8,118	10,560	8,448
Agricultural training	1,267	2,310	3,300	2,640
Other high level technical training	884	1,452	1,782	1,320
Other	1,585	4,356	5,478	4,488
Urban development	15,576	37,026	41,580	61,050
Housing	1,320	20,328	19,470	45,474
Water and urban health	14,256	15,840	19,470	13,200
Other	(*)	858	2,640	2,376
Statistics	316	792	3,300	1,320

¹ Years ending March 20 except as noted.² September 20, 1962 - March 20, 1963.

* None.

Source: Plan Organization, Tehran, Iran.

Table 21.—Imports of Items Valued over \$500,000 of Which the United States Had Less than 10 Percent of Market, 1965¹

[Thousands of dollars]

Item	Imports, total		Principal suppliers		
Chickens	574	Netherlands	268	Israel	261
Black tea	9,959	India	4,753	Ceylon	3,561
Turmeric	1,168	Pakistan	610	India	1,168
Rice	1,951	Thailand	884		
Olive oil	517	Italy	300		
Fatty acid	767	West Germany	639		
Candy sugar	7,202	U.S.S.R.	3,412	Belgium	2,596
Granulated white sugar	45,628	Turkey	10,164	U.S.S.R.	9,637
					Taiwan (Formosa) 8,257
Granulated yellow sugar	6,221	Hungary	2,727		
Colored cement	1,007	Kuwait	368	United Kingdom	331
Asbestos	533	Canada	440		
Sodium hydroxide	1,142	United Kingdom	738		
Plastics, irregular plates, scrap staple fiber, waste	1,196	Italy	454	West Germany	441

Table 21.—Imports of Items Valued over \$500,000 of Which the United States Had Less than 10 Percent of Market, 1965¹—Continued

[Thousands of dollars]

Item	Imports, total	Principal suppliers					
Plastics, sheet	566	Belgium	176				
Chemical compounds, n.e.s.	10,902	United Kingdom	6,281				
Medicines, dosed	781	United Kingdom	455				
Extracts, tanning, vegetable	766	Union of South Africa	268	France	228		
Vat dyes	3,824	West Germany	1,658				
Direct dyes, chromium	1,980	Switzerland	781				
Finishing dyes, sulfur	1,245	West Germany	576				
Nonenamel varnishes	616	Netherlands	300	West Germany	249		
Dyes, manufactured, n.e.s.	649	United Kingdom	492				
Fertilizers, mineral or chemically treated, manufactured from 2 or more of the fol- lowing: nitrogen, phosphorus, potassium ...	1,707	West Germany	1,162	Italy	409		
Hides, cow or buffalo	2,295	Rhodesia	603	Union of South Africa	513		
Rubber tubing	713	United Kingdom	279				
Tires, cycle	653	United Kingdom	251	Japan	145		
Tires, passenger car	1,267	Japan	379	United Kingdom	338		
Tree trunks (unsawn)	795	Austria	528				
Timber, sawn lengthwise	3,204	U.S.S.R.	2,476				
Paper felt (over 35 square meters)	593	Finland	193				
Paper, made of several layers (weighing over 25 grams per square meter)	581	Finland	253				
Newsprint	1,254	U.S.S.R.	346	Austria	319	Finland	290
Paper, n.e.s. (weighing over 35 grams per square meter)	5,108	Japan	1,839	Finland	742		
Paper, glossed, coated, enameled, or gummed	767	United Kingdom	172				
Hardboard fiber sheets	1,711	Sweden	453	West Germany	442	Austria	376
Paper bags, pouches, sacks	1,566	Austria	725	Finland	622		
Artificial textile fibers	19,339	Japan	5,450	West Germany	4,510		
Artificial silk fabrics	1,675	Japan	890				
Wool, scoured, bleached, dyed	3,388	Australia	3,190				
Wool yarn, carded	500	Israel	131				
Yarn, fine	1,349	Taiwan (Formosa)	511				
Yarn, wool, fine, hair, mixed	3,218	Taiwan (Formosa)	694	Japan	587	Israel	494
Yarn, wool, hair, manufactured for retail sale	1,989	Taiwan (Formosa)	678	Israel	370		
Wool fabrics, not exceeding 250 grams per square meter in weight	2,653	United Kingdom	1,065	Japan	1,068		
Wool fabrics weighing between 250 grams and 350 grams per square meter	7,016	Japan	3,519	United Kingdom	2,797		
Wool fabrics weighing between 350 grams and 500 grams per square meter	1,913	United Kingdom	854	Japan	528		
Fabrics, cotton, not exceeding 60 grams per square meter	506	Dubai	284				
Jute, raw	499	Pakistan	498				
Fabric, jute, rough woven	1,176	India	846	Pakistan	314		
Cloth covering, oil coated	630	Israel	600				
Bags, jute	1,107	India	908				
Fittings, sanitary	801	United Kingdom	261				
Sheets, glass	1,713	Japan	574	Belgium	462		
Flasks, vacuum	589	Japan	412				
Bars, rod, strip, iron and steel	3,714	Taiwan (Formosa)	948	West Germany	888		
Beams, iron and steel	16,410	West Germany	9,503				
Bars, angle, iron and steel	2,536	Taiwan (Formosa)	1,097				
Bars, round, semiround; iron, steel	1,114	Taiwan (Formosa)	277	U.S.S.R.	227	West Germany	226
Bars, channel, iron and steel	920	West Germany	401				
Wire, iron and steel, 5 millimeters to 10 millimeters diameter	2,776	West Germany	1,163				
Sheets, iron and steel, semifinished	3,464	United Kingdom	1,795				
Sheets, iron and steel, finished	6,707	United Kingdom	3,276				
Sheets, iron and steel, galvanized, lead coated	4,851	Japan	3,672				
Template	2,850	West Germany	857				
Hoops, iron and steel	682	West Germany	384				
Pipe, cast iron	1,455	France	1,056				
Pipe, iron and steel, straight	21,152	West Germany	6,617				
Pipe, without jointing	952	Italy	209				
Pipe, varnished, enameled, with a zinc, lead, or aluminum coating	3,866	France	1,066	Italy	767	United Kingdom	717
Springs, leaf, vehicle	669	West Germany	244				

Table 21.—Imports of Items Valued over \$500,000 of Which the United States Had Less than 10 Percent of Market, 1965¹—Continued

(Thousands of dollars)

Item	Imports, total		Principal suppliers		
Paddocks, cast iron, iron and steel	504	West Germany	193		
Copper plates, blanks, sheets	1,633	Yugoslavia	974		
Aluminum sheets, with paper lining	597	West Germany	319		
Tin lumps, pigs, ingots, blanks, pellets, balls	775	Malaysia	673		
Blades, razor	1,324	United Kingdom	1,280		
Spoons, forks, of metal	597	Japan	384		
Lamps, table, non electric	610	Hong Kong	395		
Aircraft engines	1,251	United Kingdom	777		
Aircraft engine parts	528	United Kingdom	265		
Rollers, road	867	West Germany	317		
Casings, well	1,828	Hungary	649	West Germany	496
Pumps (excluding deep well pumps) with suction pipe diameter of more than 3 inches	5,371	United Kingdom	3,185		
Grain grinding, flour milling machinery	737	Denmark	806	West Germany	252
Parts, flour milling, grain grinding, cleaning, sewing, husking machinery	1,461	West Germany	940		
Looms, cloth weaving	1,123	West Germany	477	Belgium	474
Mills, hosiery making	1,166	West Germany	784		
Machinery, starching and finishing	878	West Germany	536		
Parts, starching and finishing machinery	569	West Germany	306		
Machines, sewing, hand or foot operated	2,608	Japan	1,082		
Lathes	1,370	Bulgaria	260	Poland	214
Equipment, parts for spinning and weaving machinery	1,773	West Germany	770		
Batteries, storage, ordinary	1,719	West Germany	1,378		
Bulbs, electric lighting	1,230	West Germany	414		
Parts, fittings, for appliances, electric, for use in medicine and radiology	715	West Germany	352	Netherlands	276
Parts, components, for telephone apparatus	3,483	West Germany	3,011		
Electric meters	702	West Germany	367	Switzerland	289
Wire, electric, with outer cover of lead or other metal	2,867	West Germany	911	Yugoslavia	764
Wire, electric, with outer cover of rubber, varnish, artificial silk	3,594	West Germany	1,089	United Kingdom	817
Equipment, safety, control and distributing, electric, switchgear	549	West Germany	216		
Trucks, with automatic unloading apparatus	776	West Germany	234	United Kingdom	187
Truck, chassis, without driver's cab fitted	5,972	West Germany	4,910		
Motorcycles	1,143	Japan	549		
Bicycles	1,616	United Kingdom	805		
Parts, fittings, pedalcycles	496	India	150	Japan	135
Manufactures, other, finished, semifinished in phenol, urea, phthalic acid plastics, synthetic resins	579	Japan	203	United Kingdom	168

¹ Year ending March 20, 1965.

Source: Ministry of Economy, General Department of Trade Statistics, *Foreign Trade Statistics of Iran, 1965*, Tehran, Iran.

KARUN RIVER BRIDGE: This bridge at Khorramshahr crosses the Karun River and leads to Abadan.



Table 22.—Plan Organization Expenditures Compared with Total Third Plan Budget, 1963-68—Continued
[Thousands of dollars]

Sector	Total budget for 5½ years	Expenditure during first 2½ years	Expenditure as percent of total budget
Agriculture and irrigation	594,000	249,836	42.1
Irrigation	217,800	114,484	52.6
Land reform	75,240	35,706	47.5
Agricultural credits	116,160	55,691	47.9
Increase of production and improvement of crops	51,612	13,543	26.2
Rural development	66,000	13,913	21.1
Other	67,188	16,499	24.6
Industries and mines	289,080	33,066	11.4
Investment in existing Government industries ...	26,400	4,752	18.0
Investment in new industries	184,800	6,890	3.7
Long-term credits to private investors	59,400	19,259	32.4
Other	18,480	2,165	11.7
Electric power and fuel	356,400	42,491	11.9
Main load centers	183,084	24,341	13.3
Medium-sized towns	33,600	713	2.2
Small towns	13,200	1,581	11.6
Administration and research	11,484	1,478	12.9
Fuel	115,682	14,428	12.5
Communications and Telecommunications	660,000	197,076	29.9
Roads	422,400	151,483	35.9
Railroads	46,200	13,830	29.9
Ports	52,800	6,996	13.3
Airports	39,600	9,566	24.2
Telecommunications	85,800	11,194	13.0
Other	13,200	3,987	30.2
Education	236,940	48,655	20.5
Primary education	132,000	34,333	26.0
Universities	53,658	7,946	14.8
Other	51,282	6,376	12.4
Health and sanitation	183,480	44,682	24.4
Installations and equipment	97,680	11,563	11.8
Campaign against contagious diseases	67,980	29,093	42.8
Other	17,820	4,026	26.5
Manpower	104,280	10,428	10.0
Higher and secondary agricultural training	31,680	3,260	10.3
Vocational training of Ministry of Education ...	26,400	1,940	7.4
Other	46,200	5,228	11.3
Urban development	105,600	26,334	24.9
Drinking water and public sanitary services	99,000	25,806	26.1
Other protective projects ...	6,600	528	8.0
Statistics and miscellaneous....	10,560	1,769	16.8
Housing and construction	99,660	40,828	41.0

Source: Plan Organization, Tehran, Iran.

DEVELOPMENT: A U.S.-made combine harvests milo, a grain sorghum, on a field trial farm in Khuzistan Province. This crop was irrigated with water from a lake behind the Pahlavi Dam, which is part of the Province's regional development project.



Table 23.—Selected Data on the Expansion of Major Industries

Industry	Capacity in thousands of units		Investment needed [Millions of dollars]
	Estimated, 1962	Estimated, 1968	
Cotton textiles meters	400,000	430,000	198.0
Woolen textiles do	7,200	9,000	118.8
Cement metric tons	1,100	1,700	185.5
Vegetable oil do	50	90	87.1
Sugar do	230	315	290.4
Dried fruits and nuts do	80	102	99.0
Date packing do	40	80	19.8
Carpets value	(¹)	(¹)	99.0
Leather pieces	1,250	1,700	62.4
Glass metric tons	28	43	41.0
Food preservation pieces	50,000	80,000	69.3
Cigarettes do	9,400,000	13,200,000	83.2
Tea metric tons	12,000	19,000	5.8
Fisheries value	(¹)	(¹)	19.9
Fertilizer metric tons	81,000	(¹)	50.0

¹ Data are not available.Source: Division of Economic Affairs, Plan Organization, *Outline of the Third Plan*, Tehran, Iran.





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